# 密勒氏評論報

# MILLARD'S REVIEW

## OF THE FAR EAST

*Published Weekly*

**Saturday February 15th 1919**

How the Development of China Will Affect Japan

Can Japan Successfully Gag China at the Peace Conference?

1918 a Remarkable Year in the Silver Market

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# Ten Years' Trade With China

**[Prepared by the Far Eastern Division, U. S. Bureau of Foreign and Domestic Commerce]**

(*Continued from issue of Review, January 25*)

CIGARETTES were imported to the extent of Tls. 31,000,000 in 1917, while only Tls. 4,000,000 worth were imported in 1908, an increase of nearly 700 per cent, 500 per cent of which occurred in 1916 and 1917. This is an indication of increased purchasing power resulting from the rise in value of silver. The fluctuation in rice is due, of course, to the ever-changing conditions of the home crop, affected as it is by local conditions, while the increased demand for refined sugar can be attributed largely to the rapidly Westernized tastes of the people. Kerosene has not shown a proportionate increase because of high price and consequent substitution. The increases in coal and raw cotton are additional evidences of the growing cotton industry at home, and the 100 per cent increase in leather materials since 1915 is a gratifying token of higher standards of living.

The most promising feature of the other leading items lies not in the increases that have been effected, but in the fact that there has not been a decided decrease in a great many manufactures which could not be classed as the bare necessities of existence. With the steady rise in prices abroad, the high freight rates, and the difficulty of obtaining any tonnage at all, the consistent demand for a great many articles, is the surest sign that China's trade is built on a sound basis, not influenced by the passing conditions and vicissitudes of commerce.

The imports from Great Britain and possessions have remained consistently predominant in Chinese trade. The trade with Hongkong is put in this class, but it must be remembered that Hongkong, although a British port, imports largely from Europe, America, Japan, Australia, India and Straits Settlements, as well as Great Britain, and all of these imports when shipped into China are credited to Hongkong.

The value of the imports into China from Great Britain and possessions is shown in the following table:

| Great Britain and possessions | Value in million taels | | | | |
|---|---|---|---|---|---|
| | 1908 | 1909 | 1910 | 1911 | 1912 |
| Hongkong | 150 | 150 | 171 | 148 | 147 |
| British India | 30 | 40 | 43 | 37 | 46 |
| Great Britain | 72 | 68 | 70 | 89 | 74 |
| Canada | 1 | 1 | 1 | 1 | 1 |
| Australia and New Zealand | 1 | 1 | 1 | 1 | 1 |
| Total | 254 | 260 | 286 | 276 | 269 |
| Total imports into China | 394 | 418 | 462 | 471 | 473 |
| Per cent of British imports | 64 | 60 | 62 | 59 | 57 |

| Great Britain and possessions | Value in million taels | | | | |
|---|---|---|---|---|---|
| | 1913 | 1914 | 1915 | 1916 | 1917 |
| Hongkong | 171 | 166 | 148 | 153 | 158 |
| British India | 48 | 39 | 40 | 32 | 26 |
| Great Britain | 96 | 104 | 71 | 70 | 51 |
| Canada | 1 | 1 | 1 | 1 | 9 |
| Australia and New Zealand | 1 | 1 | 1 | 1 | 1 |
| Total | 317 | 311 | 261 | 257 | 245 |
| Total imports into China | 570 | 557 | 454 | 516 | 549 |
| Per cent of British imports | 56 | 56 | 57 | 50 | 45 |

Following is the value of the imports into China from Japan and Chosen for the years 1908 to 1917:

| Countries | Value in million taels | | | | |
|---|---|---|---|---|---|
| | 1908 | 1909 | 1910 | 1911 | 1912 |
| Japan and Formosa | 52 | 59 | 76 | 79 | 91 |
| Chosen | 1 | 2 | 2 | 2 | 3 |
| Total | 53 | 61 | 78 | 81 | 94 |
| Total imports into China | 394 | 418 | 462 | 471 | 473 |
| Per cent of Japanese imports | 13 | 15 | 18 | 17 | 20 |

| Countries | Value in million taels | | | | |
|---|---|---|---|---|---|
| | 1913 | 1914 | 1915 | 1916 | 1917 |
| Japan and Formosa | 119 | 120 | 120 | 160 | 221 |
| Chosen | 3 | 4 | 6 | 8 | 11 |
| Total | 124 | 124 | 126 | 168 | 232 |
| Total imports into China | 570 | 557 | 454 | 516 | 549 |
| Per cent of Japanese imports | 22 | 22 | 28 | 33 | 42 |

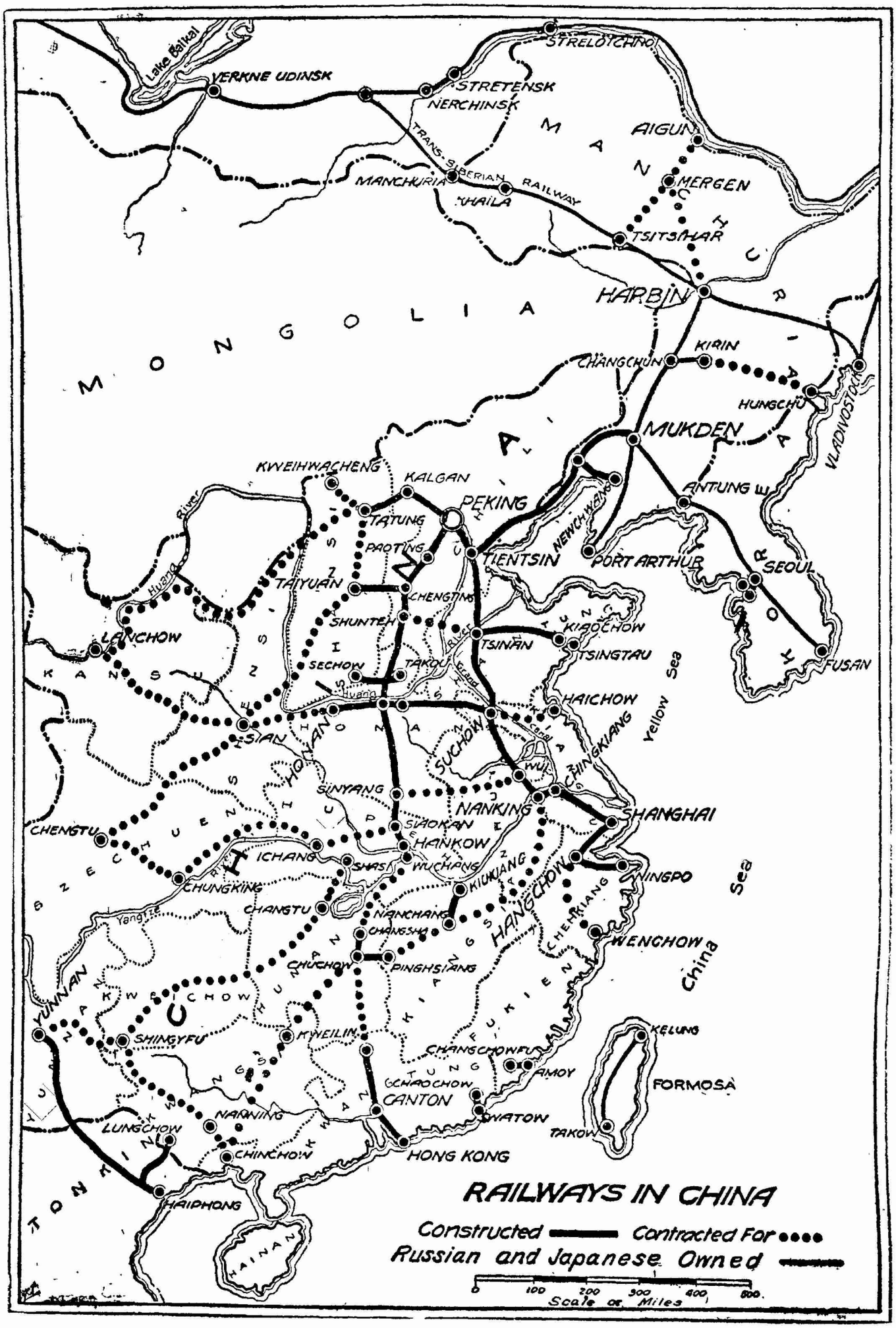
The remarkable growth of Japanese trade is merely an evidence of the energy and patience which have characterized the activities of Japan everywhere. The greatest factors contributing toward Japanese success in this market, however, have been control of shipping, proximity of market to factory, thorough organization in marketing with branches in practically every trade center, and government aid.

The Chinese market is therefore being supplied mainly by Great Britain, including Hongkong, India and Canada, the former representing a certain proportion of imports originating from various other countries but not classified, Japan and the United States. The gradual change in China's source of supply is best illustrated by the table given below which shows the per cent of Chinese trade by countries:

| Countries | 1908 | 1909 | 1910 | 1911 | 1912 |
|---|---|---|---|---|---|
| | *P.ct.* | *P.ct.* | *P.ct.* | *P.ct.* | *P.ct.* |
| Great Britain and possessions | 64 | 60 | 62 | 59 | 57 |
| Japan and Chosen | 13 | 15 | 18 | 17 | 20 |
| United States and possessions | 10 | 7 | 5 | 8 | 7 |
| Other countries | 13 | 18 | 15 | 16 | 16 |

| Countries | 1913 | 1914 | 1915 | 1916 | 1917 |
|---|---|---|---|---|---|
| | *P.ct.* | *P.ct.* | *P.ct.* | *P.ct.* | *P.ct.* |
| Great Britain and possessions | 56 | 56 | 57 | 50 | 45 |
| Japan and Chosen | 22 | 22 | 28 | 33 | 42 |
| United States and possessions | 6 | 7 | 8 | 10 | 11 |
| Other countries | 16 | 15 | 7 | 7 | 2 |

The stabilizing of the government has had a favorable effect on industry, and foreign capital, especially Japanese, is anxious and eager to take part in the industrial development. The total Japanese loans to China up to August 1, 1914, amounted to only $24,835,000 while since that time Japanese banks have invested in Chinese government and industrial enterprises to the extent of $89,215,000. Japanese activity in Kwangtung in the manufacture of chemicals and fertilizers is being followed closely by Chinese activity in the same lines. Surgical instruments, heating apparatus, electric-light bulbs, and bicycles are some of the latest innovations, while the local industries—silk filature, cotton weaving and spinning, brick making and cement works, soap making, glass making, and cigarette manufactures are competing seriously with the imported articles. In food products, albumen and yolk preserves, macaroni, biscuits, canned goods and sugar are being made at home. Those industries must lead to an increasing demand for all kinds of machinery. China today, therefore, offers one of the most tempting fields for American manufactures. With the end of the war this field will become the object of foreign trade drives by every nation in position to supply the demand, and those who prepare now for this trade will get it.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# MILLARD'S REVIEW

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### OF THE FAR EAST

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COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING SHOULD BE ADDRESSED TO THE REVIEW AT 113 AVENUE EDWARD VII, SHANGHAI, OR TO J. L. HUTCHISON, REPRESENTATIVE IN AMERICA AT ROOM 529, 17 BATTERY PLACE, NEW YORK, U. S. A.


ON Tuesday, February 4, representatives of the Associated Press, Reuter's, *North China Daily News*, *China Press*, *North China Star*, *The* (London) *Times* and *Millard's Review* called upon the Japanese Minister in Peking to find out at first hand the meaning of the Japanese attempt to intimidate the Chinese government and cause China to ask her delegates at the peace conference in France to recede from their independent position. Mr. Obata denied all of the reports of intimidation and gave the following explanation of his conversation with Mr. Chen Lu, the Chinese Acting Minister for Foreign Affairs, on Sunday, February 1: "I received a cablegram from the Japanese delegates at the peace conference in France to the effect that Dr. Wellington Koo, the Chinese delegate, had offered to make public the secret documents existing between Japan and China. I called upon the Chinese Foreign Office to explain to the Chinese government that this procedure of China's delegates was not in accordance with diplomatic usage; that if these documents are to be made public, the action should be taken by China and Japan in concert." Mr. Obata asserted that he did not consider it strange that he should take official action *merely* upon instructions that had come to him direct from Paris, and asserted that he had received no instructions on the subject from Tokio. He also asserted that he knew nothing regarding the report that the Chinese legation in Tokio had also received a warning of possible drastic action from the Japanese militarists in Tokio. When asked for an explanation of the condition of terror that had existed all week in Chinese official circles, he laughed good-naturedly and seemed to consider it a joke that the Chinese should become panic stricken over a mere rumor. He

said that Japan would never think of threatening a military and naval demonstration to intimidate China and denied absolutely that he had stated to the Chinese authorities that China could not now expect any help from England because that country was impotent owing to internal labor troubles. Then he made the startling statement that Japan had no objection to the exposure of all of the secret agreements now existing between his country and China. A statement from the Japanese Foreign Office at Tokio on this subject would be interesting, it may be said in passing.

The *Peking Leader*, a leading Chinese-owned and managed newspaper in the Capital, in its issue of February 5 printed a picture taken in Peking during the time Japan was pressing the "Twenty-One demands" upon China. The picture showed the Chinese and Japanese delegates around the conference table and under the picture appeared considerable comment, part of which follows: "Will our government give in? God forbid! It may seem incredulous to the world that when the peace conference in Paris has unmistakably declared its mind against all secret agreements entered into since 1914, and in favor of the true principles of liberty and democracy, our island neighbor should attempt to terrorize a co-Ally in the war, but we are told that truth is sometimes stranger than fiction. But our government MUST NEVER give in. For not only are the Chinese people solidly united on this vital matter of self-defense, but our co-Allies are also one with us. Thus it is related that when Dr. Wellington Koo last week was putting the case of China *vis-a-vis* Japan in Shantung before the peace conference as it should be presented, the other delegates were observed to be nodding their heads in approval, and when our spokesman had concluded his arguments the whole assembly to a man, with the exception of the Japanese delegates, rose and clasped Dr. Koo's hands, congratulated him on his able advocacy. . . . What will the Allies do in this matter? Here is the 'acid test' for them to prove their sincerity in the face of this preliminary challenge to the proposed League of Nations. Will they believe in the Japanese Minister's version of the incident as narrated to the foreign correspondents yesterday? If Japan won't lend money to China unless our government gives in now, will they not immediately come to the assistance of one of their co-Allies in the war?"

THERE is a possibility that much good will come to China as a direct result of this latest Japanese outrage. On February 3 a meeting of several hundred patriotic Chinese was held in the West City, Peking, and an urgent telegram was drafted for transmission to all Chambers of Commerce, provincial assemblies, the delegates to the internal peace conference at Shanghai and also to China's delegates at the peace conference in France to stand firm and resist to the very last the last stand of Japanese-Chinese militarism for the subjugation of China and the stifling of democracy in Asia. There were several provisions in the circular telegram, but the most significant stated: "All Sino-Japanese contracts and agreements since 1914 being signed at the point of the bayonet, their unconditional abrogation should be demanded. Several patriotic Chinese at the meeting donated large sums of money to defray the cost of the telegrams. In addition to the foregoing action the Chinese returned students in all parts of China are also obtaining signatures to a cablegram to their delegates in France asking them to stand their ground. One patriotic Chinese government official went so far as to say that China had better be made a second Belgium or Serbia rather than submit to this Japanese outrage against international decency and righteousness. Another publicly stated in a meeting that, "what matters it if Japan slaughters thousands of our citizens, if by so sacrificing their lives the world may know the truth of what Japan has been doing in this country since the beginning of the European war. If we can't make America and Great Britain and France believe us against Japanese propaganda in any other way, let us sacrifice our lives in the cause of justice."

PUTNAM Weale, the well-known English writer of Peking, in an article printed in all of the foreign language and vernacular papers of Peking, had the following among other things to say regarding the recent Japanese outrage: "The whole essence of Japan's international wrong-headedness consists in the fact that she is really a small country—a dwarf who has feigned full stature by standing on the body of the Chinese giant. Subtract the Chinese giant, cause him to stand on his feet, and as surely as the sun rises in the East and sets in the West must Japan by comparison become small again. No arguments, no sophistry can diminish by one iota the force of this contention: it is written in every page of Far Eastern history since the day, in 1895, when Japan took forty millions sterling in gold from China and inaugurated her policy of spoiliation. In the years which have since elapsed she had developed the whole technique of pretending one thing and doing another to a fine art—always climbing a little higher on the giant, always prevaricating to the friendly Powers. As the present writer wrote in a recent work—'those who have been responsible for the framing of Japanese policy have held it essential to their plan to keep the world chained to the principle

of extra-territoriality and Chinese tariff and economic subjection because these things, imposing as they necessarily do restrictions and limitations in many fields, leave it free to the Japanese to place themselves outside and beyond these restrictions and limitations; and by means of special zones and secret encroachments to extend their influence so widely that ultimately foreign treaty ports and foreign interests may be left isolated and at the mercy of the "Higher Machinery" which their hegemony is installing.' Now is the time for China fearlessly to show her mettle. She is to-day guaranteed by two vast lines of floating steel fortresses—the British and American navies; and there is no more possibility of any one attacking her than there is of an attack on the moon. The evil days are forever ended: in the sunlight of the wonderful new possibilities a China devoted to frankness may bask without fears."

THERE is still one other interesting phase of this recent clash of China and Japan that should be mentioned. Two of the chief actors in the present Far Eastern drama were also involved in the "Twenty-One demands" of 1915. When Japan was pressing these demands, the Japanese member of the legation staff in Peking that attempted most strenuously to intimidate China was Mr. Obata, who was then First Secretary of the Japanese legation. This was the reason for protests that arose in many parts of China when it became known a short time ago that Japan had now appointed him to the post of Minister to China. They knew there must be some sinister reason for this appointment at the present time. The reason has now developed. The other actor in the drama is Dr. Wellington Koo, who was at the time of the "Twenty-One demands" a secretary in the Chinese Foreign Office at Peking. It was Dr. Koo who obtained copies of the infamous demands and carried them to the American and British legations and also to the foreign newspaper correspondents in order that the world might know of what Japan was trying to do to China. It was chiefly through his actions that the full text of the demands were not forced down China's throat in secret. It is peculiarly fitting that he should be one of China's delegates at the peace conference in France. We might also mention one other chief actor in the play—Mr. Tsao Ju-lin. At that time he was Vice-Minister for Foreign Affairs in Peking and was even then considered to be favorable to Japan in her demands. Since that time he has become chief of the Ministry of Communications and Acting Minister of Finance, and it has been through him that most of the Japanese loans have been made to China in the last two years. He is chief Chinese stockholder of the Sino-Japanese Exchange Bank, through which medium the secret loans are actually paid over—it incidentally being rumored that a good part of the loan commissions go to him personally. In the recent Japanese demands, he is again said to be in sympathy with Japan's desires in China.

OBSERVANT Chinese have at last awakened to the importance of devising means to preserve the peace of the world. The election of Dr. Wellington Koo a fortnight ago as a member on the League of Nations Committee at Paris gives them much satisfaction. As a result, a movement is afoot to start a Chinese society for the study of the League of Nations in the Capital. On February 5 a preliminary meeting was held at the office of the Directorate-General of Flood Relief and Conservancy in Peking to discuss the advisability of organizing a society to spread this idea among those Chinese who are not well informed on the question. The result was the decision to form a League of Nations Association. An inauguration meeting will be held in the near future for the election of officers. The promoters of the movement are Hsiung Hsi-ling, director-general of Flood Relief and Conservancy; Wang Ta-hsieh, former Minister for Foreign Affairs; Chang Chien, former Minister of Agriculture and Commerce; Tsai Yuan-pei, chancellor of the Peking Government University; Dr. Wang Chung-wei, president of the Law Codification Commission, and Liang Chang-ming, former chief secretary of the House of Representatives. In a circular inviting cooperation, the promoters said that the League of Nations alone could permanently guarantee future peace for the whole world, that its organization is now being discussed at the Paris peace conference and that China heartily endorses the movement. "As the organization of the league and the machinery for carrying out its multiplied functions and other allied problems are of unusual importance," continues the circular, "the peoples of the different nations concerned have formed societies to study them and publicly discuss their advantages and disadvantages. Our country should cooperate in the movement and abandon her past attitude of isolation. We are now proposing to form a League of Nations Association to influence public opinion in favor of the idea and exchange views with similar societies in other countries in order to be of mutual assistance."

PRESIDENT Hsu Shih-chang and other Chinese statesmen have openly supported the League of Nations movement in their interviews with several foreign correspondents, and are undoubtedly in sympathy with the attempt of Messrs. Hsiung, Chang, Wang, Tsai, Wang and Ling to study the important topic. It is the

wish of these promoters to form branch associations in all parts of the country for the dissemination of the new idea to the farthest corners, and in doing this they have the support of all influential people. Foreigners who wish well to China cannot but welcome efforts of her leading men to solve the problem of how to prevent a repetition of the dreadful struggle which is just over and which has cost mankind untold sufferings and miseries. Many believe that unless a League of Nations is really formed China may become a battlefield for the next war, which will be made ten times more terrible by modern inventions and intensified by racial hatred. All the nations including China, however, wish themselves to be made secure in the future, along with all other nations and peoples, against the recurrence of wars like the one just ended and against aggression and selfish interference of any kind. They can have their wish fullfilled only through the formation of a League of Nations.

IF there is one class of Chinese that will gain from the coming new era in China, it is the returned student. If the menace of a predatory Japan and the sinister effect of the baneful "Sphere of Influence" is removed and this country is reorganized in both government and business, the returned student from the American and European university with a technical and scientific education is the man who will win. When the railways of China are placed on a business-like basis; when the currency of the country is scientifically reorganized; when a civil administration of the laws takes the place of military force; when a real representative democratic form of government in China is established; when modern education comes to China's masses, the returned student with his specialized education will be in demand. The demand is likely to suddenly exceed the supply and China's schools will be called upon for more and more skilled men. We often wonder whether the thousands of returned students in this country who are now practically inarticulate because they have no place in Old China realize the importance of the future and are preparing to meet the responsibility when it comes to their shoulders. In Peking the returned students are preparing for a conference during the coming month when the following subjects are to be studied and discussed:

1. The Economic and Industrial Development of China.
   (*a*) Abolition of spheres of influence.
   (*b*) Internationalization of railroads.
   (*c*) Under what terms should foreign capital be invited to assist China in this phase of her life?
2. The Emancipation of China from Militarism.
3. Adequate Guarantees for Free Speech and a Free Press.
4. Law Reform in China and the Sensible Abolition of Extraterritoriality.
5. Civil Service Requirements for Government Positions.
6. Needed Educational Reform.

In view of the tremendous importance of the present year for China, we should like to see the various organizations of returned students, and the various universities and colleges, follow the example of the Peking returned students. The only way to *bear* responsibility is to prepare for it by serious study and work. In the New China, ability and energy, instead of watchful waiting and intrigue, *will count*.

WITHIN the next few weeks the first contingent of China's labor corps that was sent to Europe at the beginning of the war will return to China. There will be possibly 10,000 in the first group to be returned. In spite of the fact that every country in the world is now working on plans looking toward the employment of the returned soldiers, nothing has been done in China in this connection. These Chinese laborers to the number of possibly 200,000 have for the last two or three years been trained under the superintendency of experts in various forms of skilled labor in Europe. They really constitute China's army that helped in the fight for democracy. Are they to be permitted to return to their home farms and villages and their skill become lost to the country? Some organized effort should be made at once to see that these men are placed in positions where their influence will be of benefit to their fellows, to China and to themselves. Many of these men are now skilled railroad operators, farmers, gardeners, carpenters seamen, machinists, etc. They should be able to command responsible positions as foremen and superintendents where their influence will show in the industrial development of China. If they are permitted to drift aimlessly, their work will be largely lost. There are hundreds of foreign firms in China that are engaged in various forms of construction work that should be able to use these men and the number of Chinese companies is probably larger. Some organization should be formed by the Chinese government or the Chinese Chambers of Commerce that would look after these men and see that their knowledge and experience overseas and their expert training is not lost to China and to themselves.

THE news of the assassination of Dr. Theodore T. Wong, chief of the Chinese Educational Mission at Washington, D. C., and S. H. Hsie and Benson Wu, his two assistants in the Mission Headquarters on December 31, has considerably shocked Chinese returned students from America as well as from Europe. Dr. Wong, as far as his friends know

had no enemy whatsoever. He was well liked by all those who were associated with him. Quiet, amiable and helpful, he always minded his own business and never interfered with others. His two assistants who were murdered together with him were also considered as representatives of the Chinese cultured class. At the time of writing the murderers are still at large. No solution has yet been reached and no clues have been discovered. There is, however, little question but that the efficient police force of Washington will bring the murderers to justice sooner or later. Dr. Wong was born at Shanghai in 1874. He graduated from St. John's University, and arrived in America in 1892 as a privately supported student. Four years later he received his degree of A. B. from the University of Virginia. In January of 1897 Dr. Wong returned to Shanghai to teach at St. John's University. Between 1898 and 1901 he was a teacher at Taotai College. The next three years he acted as translator at the Shansi University. Between 1904 and 1906 he worked in the American Consulate in Shanghai. Later he became Chief Translator and Secretary of the Shanghai-Nanking Railway, which position he held for more than five years. In 1911 Dr. Wong was appointed director of the Chinese Educational Mission at Washington, D. C., and at the time of his death he still held the same position. He is survived by his wife, two sons and five daughters. He translated a number of books which included Myers' "General History," Remsen's "Chemistry" and Edward Clodd's "Evolution," and gave every promise that he would become an important Chinese leader some day.

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# Can Japan Successfully Gag China at the European Conference?

JAPAN has successfully coerced the Peking government to take concerted action with her at the European peace conference, irrespective of what has been reported in the press to the contrary. Silver bullets have been accountable for this success. In yielding to the Japanese pressure, the Peking government has but bowed to the inevitable. Hard pressed for money and having been convinced of the impossibility of borrowing even half a million dollars from the Allied or American banks to meet its most urgent current expenses, it could turn only to her Shylock-like neighbor for financial assistance. The Chinese government has thus practically decided to comply with Japan's demand nominally for cooperation of these two Asiatic countries at the peace conference, but really for control of China's delegates at Paris, and has now been trying to carry out Japan's wishes in a manner which will not arouse the suspicion of the people or cause any opposition from them. Whether the government's efforts to cooperate with Japan in such an important matter will succeed depends upon the effectiveness and skillfulness of popular opposition. Whether the Chinese delegates can be controlled from Tokio remains to be seen.

Dr. Wellington Koo and Dr. C. T. Wang, Chinese representatives at the peace conference, in appealing to the delegates of other nations for justice and fair play, and in agreeing to President Wilson's request for placing on the conference table all secret treaties and agreements made between China and Japan since the beginning of the European War, have made an excellent representation of China's case before the world tribunal and turned the attention of the powerful statesmen in the West to Asia for a brief moment. The task of counteracting their patriotic influence and preventing them from rendering further services to their own country, however, appears to have been entrusted to Mr. Obata, the Japanese Minister to Peking, who made himself notorious in 1915 through the Twenty-one demands. It was Mr. Obata, it may be remembered, who successfully lulled the foreign diplomats in Peking to silence by categorically denying the truth of the report that his country had ever attempted to encroach upon China's territorial rights as was embodied in these demands. Later the Tokio government gave way and confessed that it presented only eleven harmless demands. Finally it confessed the whole truth and declared to the world that the demands it made upon the Chinese government numbered "twenty-one." Mr. Obata was then considered in Peking as a discredited foreign representative having openly lied to the diplomats of friendly nations. On this occasion he has been chosen by his government to play the same role apparently.

Exactly what Mr. Obata did say in his interview with Chen Lu, Acting Minister for Foreign Affairs, at three o'clock on the afternoon of Sunday, February 2, which has greatly astonished the whole diplomatic corps in the Capital, in his endeavor to gag the Chinese delegates at Paris, could be summarized somewhat as follows:

"Here are three telegrams which I have received from Tokio stating that the Chinese delegates at Paris were opposing Japanese interests and were adopting an independent attitude. These delegates had also declared to the foreign correspondents that they were prepared to disclose at any moment the secret agreements entered into between China and

Japan. These agreements were concluded between the two countries. According to ordinary diplomatic usage, mutual consent should be obtained before they could be disclosed.

"China and Japan have always been friendly. Whenever China is in financial difficulties, Japan inevitably comes forward to assist her. Why did the Chinese delegates at the peace conference make an appeal for justice which seriously embarrassed the Japanese government? Since you have chosen to play the part of an enemy to us, we are obliged to retaliate.

"In my opinion, the best thing that can happen to the two great countries in Asia is cooperation at the peace conference in Europe. In that case, China can get best advantages. England is too busy with her own affairs, such as strikes, and therefore cannot help China. (Yesterday the Chinese government received a cablegram from Minister Lu Cheng-hsiang, chief of the Chinese peace delegation at Paris, stating that England was as quiet as could be.) As to America, her League of Nations idea did not receive the approval of many smaller nations in Europe. She will not be able to assist if China should find herself in trouble with our country. France, Italy and Belgium are being too much occupied with their own affairs to care about China. China stands helpless.

"Under the circumstances, the best policy for China to adopt is to follow Japan. The Chinese and Japanese delegates should consult each other and take concerted action at the conference. For this Japan will render assistance to China.

"As to the placing on the peace conference table every and all secret treaties and agreements signed between China and Japan since the beginning of the war, the delegates from the two countries should act jointly. In other words, the Sino-Japanese secret agreements must not be published without the approval of the Japanese delegates. I request that the Chinese government at once send a cablegram to the Chinese delegates instructing them to modify their attitude. Otherwise lack of cooperation will be ruinous to the causes of both.

"Japan is, however, willing to have the secret agreement signed on September 24 at Tokio by the Chinese Minister to Japan and the Japanese government published if China so desires. (The secret agreement refers to the joint administration of the railways in Shantung and to the reversion of certain other German interests in that province to Japan. This agreement is intended not to be affected by any settlement at the European peace conference. In connection with it China secured a loan of Yen 20,000,000. The Japanese promised more financial assistance if it were needed in future. The agreement is, however, not yet confirmed by the Chinese government. It is a preliminary one. Unless it is confirmed by the government, it will become null and void after four months. Mr. Obata's demand for the publication of its text is skillful. If the Chinese government consents to its publication, the action could easily be construed as a recognition of the secret agreement. The question for the return of Tsingtao to China was an easy one before September of 1918. The railway agreement, however, complicated the situation. By a clever stroke of diplomacy, it virtually stipulates the retention by Japan of certain German interests in Shantung.)

"In view of the present awkward situation in Europe, it is well for China to be on friendly terms with Japan. Japan has a million men and half a million tons of warships lying idle. I am also instructed by my government to inquire whether your government wants us to continue the payment of the proceeds of the loan for Yen 20,000,000. It is now for the Chinese government to say whether it wants the monthly instalment of Yen 3,000,000. Thus far we have paid over Yen 3,000,000 to the account of the National Defense Administration. If your government desires to cancel the loan, it will of course have to return the Yen 3,000,000 already advanced at once."

Mr. Obata in an interview on Tuesday with the foreign correspondents categorically denied that he had ever threatened the use of military and financial means in his efforts to muzzle China's peace delegates at Paris, and practically denied everything he had said in his conversation with the Acting Minister for Foreign Affairs. He solemnly declared that he called upon Chen Lu without instructions from Tokio, although he did receive them. The Allied Ministers at Peking must have had a good laugh when they read his interview published in the Tientsin papers on Wednesday morning, possessing as they did the full account of Mr. Obata's conversation with Minister Chen. Reuter's Peking service described this episode of the new Sino-Japanese development in these few interesting words: "The mantle of champion and advocate of the old hidden diplomacy, aptly described, in the case of a diplomat accredited to a foreign Power as one who lied abroad for the good of his country, appears to have found a secure resting place in old Peking."

Mr. Obata's task has been successfully accomplished for the time being although his name has been seriously compromised once again. On the evening of Thursday, February 6, the cabinet sent a cablegram to the Chinese delegates in Europe to the effect that the government had agreed to Japan's demand for the publication of the secret railway agreement signed on September 24. In return,

Japan had agreed to China's counter demand for the publication of the treaties made in consequence of the Twenty-one demands. "Please act in any way as you see fit," is the concluding sentence of the cablegram.

This cablegram is interpreted in some quarters as an evidence that China has yielded to Japanese pressure. How? Mr. Obata's main contention in the Chinese-Japanese dispute was that China and Japan must hold consultations before they can give out any secret agreement. The aforementioned cablegram was the very instruction to the Chinese delegates which he wanted. The significant meaning it implies is thus:

1. Mr. Obata's demand for joint action was agreed to, as Japan had secured approval from China for the publication of the treaties connected with the Twenty-one demands. Certainly this is a mutual understanding before the disclosure of any secret agreement is to be made.

2. The cablegram conveyed an implied disapproval of the declaration made by the Chinese delegates at the session of the Big Five that they had no objection to the laying on the conference table of every and all secret Sino-Japanese documents. It is in contravention to what the Chinese delegates have committed themselves to unless they take independent action of the Peking government and carry out their promise even without its approval. The cablegram plainly hinted that the Chinese delegates were only allowed to disclose two agreements, one of which is already published.

3. It shows that in future if any secret agreement is to be disclosed, Japan and China will have to hold a consultation first, in accordance with the precedent just established. In other words, the Chinese delegates have been converted into gramophones of Tokio, in reality, and of Peking nominally.

4. The cablegram makes manifest a combination of two Asiatic governments against the world generally and the principle of the League of Nations especially. There is no question that this is the first sign that Tokio and Peking have decided to keep back secret documents from the peace conference unless patriotic Chinese citizens intervene and the Chinese delegates disobey the instructions of the existing government.

Mr. Obata's veiled threat of using military force did not make much impression upon the Chinese officials, who know too well that the world will not stand this sort of nonsense. Reports, purposely circulated, from Manchuria of the mobilization of the Japanese troops are received coldly, and no attention is paid to them. Mr. Obata's threat of discontinuing financial support to the Chinese militarists is, however, singularly effective. The Japanese Minister hit China's weak point, and his hit is now telling.

Of the Yen 20,000,000 loan to which Mr. Obata referred, Yen 3,000,000 were handed over in December last. The remaining loan proceeds will be handed over in five months by instalments. General Tuan Chi-jui, director-general of the National Defense Administration, depends upon this fund for the training of his new army. Should the payment of the proceeds be discontinued, he would be much affected. There is hardly any doubt that Mr. Obata's threat, if carried out, would also affect the Central government, which is enjoying part of the Yen 20,000,000 loan.

Patriotic officials in China are not wanting, although their number is small. President Hsu is one of them. It is said that he has threatened to dissolve the cabinet if it should show any weakness by yielding and that he has sent a telegram to the Chinese delegates at Paris instructing them to disclose all the secret documents as they see fit, although his instructions have been qualified by the cablegram from the cabinet above referred to, which was later dispatched. President Hsu would remain firm in dealing with Japan if he could, but he is confronted with alternatives of the collapse of the existing government through bankruptcy and Japan's domination of China by reckless borrowing. During the last few days the national treasury was really empty, and the attempt to secure a loan of half a million dollars from the Allied banks utterly failed. President Hsu is, therefore, obliged to remain passively firm.

Like an opium smoker, the Peking government has continuously swallowed opium for two years and cannot suddenly stop doing so without serious results. America and Great Britain are sincere in wishing China well, but they have failed to understand what terrible sufferings China is undergoing. One foreign official before whom I lay the deplorable situation of China, replied that the government, which had recently received $12,000,000 of the Customs surplus revenue, ought not to have experienced so serious financial difficulties. The Chinese official to whom I conveyed this reply retorted that $12,000,000 to China is like a bucket of water in the wide ocean. The monthly expenditure of the government for the present is over $15,000,000 and the military governors, the lions of the hour, have not been paid for three or four months. In reply, the foreign official merely remarked that the occasion offered an opportunity to test China's character and that somehow she has got to hold out. The Chinese financial official answered: "It is difficult for China to hold out whilst she has not a single cent in her national treasury and the militarists

in the provinces are threatening to declare independence if they fail to receive their arrears. The Allied banks have money to lend, but are unwilling to do so, whilst the Japanese banks have money and are willing to supply." The Chinese statesmen know that the continual borrowing of Japanese money would lead to one conclusion—the loss of China's independence. What else could they do under the circumstances, although they are aware that they are drinking poison?

A brief review of the events connected with Japan's new demands is not only not lacking in interest, but it will show that it is Japan which has caused the new development in her attempt to treat Tsingtao and Shantung as a captured colony of Germany and secure their possession outright at the first few secret sessions of the Big Five without consulting China.

On January 27 a secret session of the Big Five was held to discuss the disposal of the German colonies. The Japanese delegates, taking advantage of the occasion, tried to justify their proposal for the retention of Tsingtao, the Kiaochow and other railways in Shantung. Such a proposal was even against the Twenty-one demands, treaties and all previous official declarations made by the Japanese statesmen. The Japanese delegates thought that they would be able to secure from the delegates of the other Four Big Powers an agreement to their proposal, especially in view of the fact that China had no one to defend her interests. Unfortunately for Japan, the Chinese delegates learned of this cowardly attempt of Japan and appeared as petitioners by courtesy at the secret session within an hour.

A lively argument was exchanged between Drs. Koo and Wang, the Chinese delegates, and Baron Makino, Viscount Chinda and Mr. Matsui, the Japanese delegates, on the subject of Shantung. The debate arose after Dr. Koo had opened the Chinese case by presenting a general as well as a specific appeal for justice and asked all that China believed to be essential to a fair start in the world after the signature of the peace treaty. Dr. Koo's argument in favor of the unconditional return of Tsingtao to China was that Tsingtao was no longer a German leased territory, but had, as a result of China's declaration of war against Germany, automatically become Chinese territory again. As the territory was recovered from German hands by a joint British and Japanese force, China would be perfectly willing to give these Powers due compensation, for she had not the slightest desire to eat the fruits of others' labor. If additional reasons were needed, said Dr. Koo, they were as follows: (1) Tsingtao to Peking, the capital of China is only one day's journey by railway, and is therefore a strategical point to China. (2) Tsingtao is a part of Shantung in which China's sages, Confucius and Mencius, were born, taught and died. It is thus a part of the historical province which every Chinese venerates and its cession to an alien nation would lay the foundation for a future war. (3) Kwangtung and other provinces are too crowded and the people there might emigrate to Shantung, which is slightly less populated.

In the midst of the debate, President Wilson made a few remarks in favor of justice and fair play in dealing with China and other weak nations, being evidently much interested in Dr. Koo's speech, which was well received by the delegates present by their nodding their heads in approval of what he was saying. He then turned to the Japanese delegation: "Gentlemen, do you mind to place on the peace conference table every and all secret agreements and treaties made between China and Japan since the beginning of the European war in 1914?" The Japanese delegates, after some hesitation, replied: "We will have to wire to Tokio for instructions and will let you know as soon as we have received such instructions." President Wilson then turned to the Chinese delegation: "Gentlemen, do you mind to lay on the peace conference table all such secret agreements and treaties entered into between your country and Japan?" Dr. Koo, on behalf of the Chinese delegation, replied: "We have, Mr. President, no objection to doing so."

After the secret session, the Japanese delegates cabled to their government in Tokio urging that strong pressure be brought to bear upon the Chinese government in Peking with the object of making it send secret instructions to its delegation at Paris that the latter must consult Japan on all important questions concerning the Far East and that they must take concerted action with Japan at the peace conference.

On Thursday a member of the Japanese Ministry for Foreign Affairs called upon the Chinese legation in Tokio, conveying the information that the appeal of the Chinese delegates at the peace conference for justice had seriously embarrassed Japan, and that such an appeal for justice would not be heeded by the nations in the West, and that since China had acted in such a way as to treat Japan as an enemy of hers, Japan would take suitable action in return.

A message embodying the foregoing information was received in Peking on Thursday evening and it caused a stir in official circles. Shortly afterwards, several Japanese officials in the Chinese Capital whispered to their Chinese friends that Japan was "very angry with China." In consequence, a panic was created. One of the Chinese high officials who was in the know said, "They are literally trembling."

On Saturday Mr. Obata applied to the Ministry for Foreign Affairs for an interview with Chen Lu. Some members of the Foreign Office, knowing the object of the interview, tried to dodge it by offering excuses. On

Sunday afternoon Minister Chen consented to receive Mr. Obata. The interview began at 3 p. m. and ended at 5 p. m. The gist of it is as above reported.

The same evening the American Minister heard of Japan's threat to use military and financial means, and called upon Chen Lu for confirmation. By accident, he arrived in the Foreign Office soon after Mr. Obata had left and left behind some atmosphere of threat. The American Minister at once knew that something of unusual interest had taken place, and succeeded in learning the object of Mr. Obata's call. The British Minister called at the Foreign Office on Tuesday. It is believed that both foreign Ministers have secured all information necessary to a complete understanding of the new development, although Mr. Chen was rather reluctant to give same.

On Monday afternoon one of the foreign legations in Peking received a telegram from its home government inquiring whether there was any truth in the report that Japan had been bringing pressure to bear upon the Peking government because of the strong and independent action taken by the Chinese delegates at the Paris conference. This message indicates the great interest the Powers in the West are taking in the new international situation out in the Far East, contrary to the indifferent attitude of the Western nations during the negotiation of the Twenty-one demands in 1915.

The Acting Minister for Foreign Affairs, Chen Lu, saw the Prime Minister on Monday morning. The latter did not show any excitement, evidently knowing the whole situation. A meeting of the important members of the Foreign Office was called for Monday afternoon to discuss the advisability of informing the Chinese delegates of the new development. The decision was to send a message telling the delegates what had taken place in China as a result of their action and to make no comment in the message as to whether they should change their attitude or continue it. The message evinced the firm stand taken by the Ministry for Foreign Affairs. Its members at the moment felt optimistic, and there was a ray of hope for China.

At 10 o'clock on Tuesday morning a cabinet meeting was called. The result of it appeared to damp the enthusiasm of patriotic officials. Acting Minister Chen laid before the meeting all the facts connected with the new situation and asked the members present for consideration. The Ministers were rather excited. One of them showed greater surprise than all the others. He said: "Oh, that is certainly strange that Mr. Obata wanted us to disclose the secret agreements regarding the Shantung railways. Disclose them we must, but let us ask something in return. We ask the Japanese government to agree to the publication of the secret treaties made in consequence of the Twenty-one demands." (The secret treaties of the Twenty-one demands are known to the whole world and have been published before. What the Minister wanted was to republish them without doing any injury to Japan. Yet he made it appear that China's face was saved. As a matter of fact, he committed the present cabinet to a mutual understanding between China and Japan before agreeing upon disclosures of any secret agreement as demanded by Mr. Obata through his skillful proposal, which was accepted by other cabinet Ministers blindly.)

It is impossible to learn details of the cabinet meeting on Tuesday morning, but from what has leaked out from those attending it it is clear that the government has yielded to the Japanese pressure and accepted the Japanese viewpoint. It may be conjectured that Japan having thus been satisfied will continue the payment of the Yen 17,000,000 balance of the National Defense Force loan.

After the cabinet meeting, a secretary of the Foreign Office was sent to Mr. Obata to convey its decision. One pro-Japanese Minister had an interview with President Hsu on Tuesday afternoon for two hours. He told the President that it was useless to oppose Japan in view of the fact that some Western nations were accustomed to talk big things and never made good their nice promises.

On the same morning (Tuesday) Mr. Obata gave an interview to the foreign correspondents

in Peking without knowing that a large portion of his conversation with Minister Chen Lu had been published in the press on that morning. He thought that he was making a clever move to sidetrack the public, but really he did great injury to himself. The Allied legations knew that in denying everything which he had said, Mr. Obata merely used the diplomatic language discarded long ago.

Through the press and news services, the Southern peace delegates at Shanghai learned of Japan's attempt to muzzle China's peace delegates in Europe and the threat Mr. Obata employed to secure the desired end. Knowing this, Tang Shao-yi, chief of the Southern peace delegation, wired on February 6 urging President Hsu to remain firm, pledging to him the support of the whole country and recommending the raising of Yen 3,000,000 among the Chinese themselves to cancel the Yen 20,000,000 loan. A similar telegram was later received from Chu Chi-chien, chief of the Northern peace delegation, in which he stated that he would refuse to represent the North if the Peking government should accept the Japanese demands. Other patriotic Chinese, including Hsiung Hsi-ling, director-General of the Flood Relief and Conservancy, urged President Hsu in like terms to stand firm and threatened to hold him responsible for any concession made through his weakness. The commercial, educational and other organizations throughout China have begun to take action against Japan's bold attempt by means of telegrams of warning and protest. The members of the Peking parliament have introduced bills proposing to ignore Japan's threat and to appeal to the peace conference in Europe direct for moral as well as other encouragement and support. On February 5 the returned students from Europe and America cabled to Europe pledging their whole-hearted support to the Chinese delegates and expressing appreciation of the services rendered to the country by the latter.

On February 7 a lengthy cablegram was received from Minister Lu Cheng-hsiang, chief of the Chinese delegation to the European peace conference, in which he stated that in trying to settle the Tsingtao and Shantung questions at one of the secret sessions of the Big Five without consulting the Chinese delegates first, the Japanese delegates wanted to ignore China deliberately, and that there was no reason why the Chinese delegates thus insulted should consult the Japanese delegates. The cablegram continued that it was the Japanese delegates who first violated what Mr. Obata described as the "usual diplomatic procedure."

On February 8 another cablegram was received from Minister Lu, according to an unconfirmed report appearing in the press this morning, in which he stated that China's plenipotentaries to the European peace conference have full freedom of speech and refuse to be influenced by any one from any quarter. This cablegram, if actually received from the Chinese peace delegates, is tantamount to a reply to the cabinet message sent on February 6, which was construed in some circles as a proof of China's concession.

There is one encouraging feature of the Chinese political situation which both Japan and Peking have apparently overlooked. The view is held in foreign official circles that even if the Northern government yields to the Japanese pressure, the peace delegates at Shanghai and Nanking will have the power to veto whatever promises are made to Japan. The Diplomatic Corps, according to a foreign Minister to Peking, has practically recognized the peace delegations representing the North and South as the sovereign power of China, pending the organization of a united government, by consulting them concerning the recent release of the surplus Customs revenues and and by promising to consult them in future in regard to the release of the salt surplus revenue.

It is of no great consequence that the Peking government has yielded to the Japanese pressure. China's salvation entirely depends upon whether the people will yield and whether the Chinese delegates at Paris will yield. Can Japan successfully gag China's peace delegates in Europe? It is for the Chinese people, and not for a few officials in Peking, to decide.

Peking, February 9, 1919.

# Japan and the Industrial Development of China

JAPAN went into the peace conference in France, not to get something, but to retain what she had. This explains the newspaper reports regarding the "puzzling" attitude of her delegates at Versailles. The Japanese delegates as they sat around the table with Lloyd George, President Wilson, Clemenceau and the others had nothing to say, because they were in the position of the person who had to choose the devil or the deep blue sea. The Japanese delegates who were sent to Paris, in spite of statements to the contrary, were sent to France by the autocratic militarist party of Japan. Regardless of their personal feelings in this remarkable atmosphere of democracy, they had been instructed to fight to the last ditch to retain the things they had wrung from China and Siberia—and it is but natural that the other delegates should consider their attitude as "puzzling."

Then China stepped into the arena, and speeches were made by Wellington Koo and C. T. Wang. At the close of these addresses (according to private reports) the entire delega-

tion (with the exception of the Japanese) got up as a man and offered congratulations. China had risen to the occasion, because she only wanted what was her right—her own right to her own country and the right of self-determination on behalf of her four hundred million people. Japan did not expect this radical action on the part of China's delegates, because she thought this matter had been "fixed" by her militarists and the militarists of China who are in her pay. Dr. Wellington Koo in his address to the delegates of the peace conference offered to bare China's slate and make the secret treaties public. Japan's delegates who were sitting around the same table, did not join in the applause that followed Dr. Koo's address. Instead they telegraphed to Tokio to the Japanese militarists and said, "Put the Screws on China. Make her recall her delegates. Force China to permit us to do the talking." The rest of the story was told in the press of the past two weeks. Mr. Obata, the Japanese Minister to China (already experienced in these matters since he assisted in the "Twenty-one demands" in 1915), used the well-known mediaeval method of intimidating a weak nation by rattling the sword. "Japan has a million soldiers idly waiting. She has a five-hundred-thousand-ton navy. England is weak with internal trouble and can't help you. Recall your delegates and let us do the talking." These were essentially his words to the Chinese government. Why did Japan stake all on such a policy in a time when the world has just finished a similar dirty job in Europe? In the following paragraphs I shall attempt to faithfully show the reasons and shall also attempt to show Japan that she has all to gain and nothing to lose in the new order of things that are bound to come in the Orient.

The Japanese peace demands were made in 1915 and were twenty-one in number. Except for "Group Five," she secured what she demanded. That the "Twenty-one demands" both in letter and spirit are directly counter to the doctrine of the "Open Door," no one knows better than Japan. By some they are construed as a purposed and deliberate defiance of all the Powers interested in keeping the "Door" open. Yet those who know Japan cannot subscribe to this view. It discounts the intelligence of Japanese statesmanship. Depend upon it, Japan knows exactly what she is doing and why she does it.

Japanese policy poses upon a few simple facts. Her procedure may be subtle, but the basis is simple. Japanese population now requires food beyond the capacity of her relatively few cultivable acres. This population is increasing at the rate of 600,000 a year. Beyond a negligible number of merchants, professional men and government representatives, Japanese do not emigrate to Formosa or to Korea. Pioneering does not appeal to them. Migration has no tradition in the race. The Japanese remain in Japan. The rice riots of last autumn merely brought to public notice what her men have known all along—that the fundamental problem of Japan is food.

To feed a population which insists upon staying at home compels Japan to promote industrialism. Other reasons of state no doubt are present, but this one is enough. The example of England is ever before her. Applying man power to raw materials she will trade manufactures for food. Not only will manufactures buy her food, they will conduce to her military strength. Unhappily, Japan does not possess at home a sufficient quantity of the raw materials upon which modern industrialism is based. She also finds the merchandising of the world highly concentrated in other hands and the market far away from her present factories. Naturally then she looks to China as a source of raw materials and as a field within which to develop a market.

But China as she exists to-day provides neither raw materials nor market, nor immediate prospects of producing either. Her vast resources of mineral wealth are practically untouched. Her man power, mighty in numbers, is without modern tools, especially that most necessary tool—industrial organization. Hence it ekes out a bare subsistence with no margin for the purchase of imported articles of comfort and luxury. The form of the opportunity which therefore presents itself to Japan is obvious.


# Attitude of Americans and Britons in China Toward the Japanese!

This remarkable article published originally in the Review on December 21, dealing with the present attitude of Americans, Britons and Chinese as well toward the present activities of Japan in China, is now being reprinted in booklet form.

It will be issued within the next two weeks in a limited edition of 500 copies in both the Chinese and English languages.

Persons who desire copies for distribution either in China or abroad may obtain same by applying to the REVIEW, enclosing 10 cents (Mex) in stamps for each copy to cover printing and mailing expense.

Owing to the expected demand for these copies, persons are urged to write at once to the undersigned.

Editorial Department

**MILLARD'S REVIEW**

113 Avenue Edward VII Shanghai.

Furnish China the necessary tools. Teach her organization. Stand by to see that she learns. (The relation of teacher and pupil usually involves some discipline). Take the resulting products home to Japanese mills. The increase in Chinese purchasing power which this program will bring about, will furnish an outlet for Japanese goods. All concerned are benefited. Who should object?

But Chinese laws do not permit the foreigner to own land in China. The foreigner carries his own law with him wherever he goes. Hence he must not be allowed to go outside treaty ports in any recognized capacity. Innumerable obstacles are put in his way if he tries to get on with work outside the treaty ports. If he trusts his enterprise to Chinese management it fails miserably. For themselves the Chinese do no better. They have not learned the art of modern large scale business organization. What can be done?

France, Germany and Russia have each made answer by exacting treaties from China which granted them exclusive control over certain enterprises which they wished particularly to put through. England and Belgium had to be content with mere agreements covering individual projects for comparatively brief terms of years. America has accomplished not even this. But one can't be making new treaties every week. Interminable difficulties attach to the making of new agreements. After thirty-seven years of railway building and negotiation China has only six thousand miles of line to show for it. Japan must have faster action. Hungry people cannot wait. With the administration in her own hands, Japan could insure such an organization of business, development of mines and employment of labor as would make certain raw material in quantity and a place where Japanese goods would sell.

Situations such as this invariably have given rise to military action, either openly or veiled. England obtained her American colonies and India largely by the sword. The white settler forcibly dispossessed the American red man. The concessions which European governments have wrung from China have been possible only because China knew their prowess in war. Japan in turn occupied Korea by force. By force she interrupted the Russian Bear in his devouring of Manchuria, in order that she herself might enjoy some of the meal. What more natural then, at a time when it was safe to do so, than that Japan should take a step fortified by so many precedents, and land troops in Manchuria and at Kiaochow preparatory to the forcible administration of the territory whose product and whose markets are so necessary to her people?

There was another reason for Japan to move as she did and when she did. All Europe was at war. Except to the belligerents, perhaps, the issues were not entirely clear. One side had frankly preached that "Might makes Right," that nations who deserve a "place in the sun" are those who demonstrate it by beating down those who stand in the way, that the only unpardonable sin is the sin of being weak. German officers had taught this to Japanese students. German advisers had dinned this at Japanese statesmen. Perhaps they converted a few. Be that as it may, this much is certain. Japan at least knew the doctrine and the danger with which she would have to deal if Germany won. If Japan was ever to be safe from the Asia mainland, she must have her position there before Germany won. And who looking back even now will say that her fear was not justified? Day by day we are realizing more and more how ghastly narrow was the margin at many periods between Germany and victory. How shall we blame Japan for being forehanded in such a situation?

But Germany has not won. The political morals of the nations are not to be those of ruthless might. Thanks in some part perhaps to the very gravity of the German peril, the great nations of the West pledged with one another, vowed to the God of Battles that if they be delivered from their enemy they would henceforward so order their lives that, plans availing, war might cease among men, that weaker peoples should be protected from their oppressors, that nation should deal with nation as man with man, frankly, fairly, concealing nothing. In that dark hour new hope was born. From that hope new purpose issued. The purpose may falter. The hope may grow faint. But the pledged word of three of the mightiest nations of the West cannot fail. And for Japan this has the greatest of potentialities.

To administer Manchuria, to occupy Shantung, means the breaking down of Chinese sovereignty—the loss of national self-respect to the Chinese people. Pass over, if you please, the danger to Japan from the nations who cherish the idea of the "Open Door," who have promised each other and the world to protect weaker peoples, who have interests in China. The Chinese people are in themselves a sufficient menace. They are a proud people. They resent with a deadly hate the yoke now threatened. The effectiveness of their boycott Japan knows only too well. Of their capacity for fanaticism Boxer survivors have only too fresh a memory. To attempt the mobilization of Chinese man power forcibly in the exploitation of her resources is to lose most of its effectiveness, and will require a tremendous expense for military protection and administrative service. The Chinese are too numerous and too fecund a people to exterminate and replace with Japanese, even if the latter would emigrate.

But there is a method by which Japan can gain her fundamental ends without incurring

this enmity and its attendant dangers. It will be ten-fold more effective for production than military occupation.

Other foreign nations are not free from the same handicap in China as that under which Japan labors. "Spheres of influence" have been set up frankly with the idea that when China finally disintegrates, the territory affected will become actually subject to the nation claiming it. Each holding nation, knowing the illegality of its position, has rigidly excluded enterprises of any other nation since by admitting them it would not only deprive its own nationals of an opportunity but would by so much be renouncing its mere color of title to the territory involved. These monopoly privileges have had the unavoidable result of intensifying the foreign national character of each new enterprise, and by so much the opposition of patriotic Chinese to all foreign types of improvements.

Suppose now that all foreign interests in China should unite, not in a mere declaration of adherence to the "Open Door" policy, but in the actual practice of opening the door. Suppose they were jointly to notify China that henceforth she is at liberty to let contracts for railroad construction, mining development, and manufacturing establishments, wherever she will and on whatever terms she can get without reference to nationality. Then suppose these foreign interests were to organize themselves in such a manner that the terms which they offered to China would have the joint guarantee of all, that the terms China offered to one would be open to all, that the unscrupulous were compelled to live up to their bargains, and that none in the compact could place the weight of his mailed fist in one of the balances. Such an organization would assure China that hereafter she need not watch the foreigner—they will watch each other. Her lone weak strength would never be pitted against the outsider—she will be fortified by the combined strength of all the others in the compact. No foreign nation would be interested in obtaining her territory for it would merely secure for its competitors the same privileges. What would be the result? The entire wealth and strength of China could be put to productive purposes free of the fear which now palsies every movement toward improvement. Under the principle of "sphere of influence" every foreign innovation is resisted because it seems to forge a link to bind China to some foreign Power. Under the principle of Joint Responsibility, every well conceived innovation would be welcomed as a link to bind China together. The entire situation would be changed and with it would come an entire change in Chinese attitude.

Would Japan lose exclusive privileges in Manchuria? She would. But she would gain equal privileges in *all China*. To divide her opportunities in this case would be to multiply them. We all know that there is not sufficient capital in all the world to start China running as a modern concern. The world must accumulate a hundred billion dollars merely to make good the losses of this war, let alone launch out on the program of the future. Suppose now that a British factory builds in Manchuria, its traffic must benefit the Japanese railway there. If an American opens a mine, the pig iron produced increases the amount available for Japanese foundries. If the French build a connecting railway it will bring the products of a neglected area to the counters of merchants already established. And in its turn every Japanese establishment will contribute to the prosperity of every British, American and French enterprise with which it comes in contact. Such is the explanation of great cities. No one industry makes a London or a New York. It is the multitude each contributing to the other. Hongkong is valuable to the British not so much because British ships dock there, but because the ships of all nations dock there. It is fundamental to railway strategy that its connections bring to it its profitable traffic. The same principle applies to other lines of business.

So in the case of foreign enterprises in China, every legitimate business contributes to the success of every other business. Every coolie profitably employed means a potential buyer for the products of other concerns. Multiply the concerns by thousands and you multiply the market by tens of thousands. Such is the experience of centuries, it is the law of progress. Every mine, every smelter, every producer of raw materials, be he Japanese

(*Continued on Page 388*)

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# China

Oh ! land of strange uncanny sights and sounds ;
Fantastic monsters woven from fancy's eyes,
From mountain scenes and cloudy sunset skies ;
Thy ancient walls and hills with temples crowned,
Thy palaces and lantern lighted lanes,
Thy desert wastes, thy rich and fertile plains ;
Thy winding streams, born from some mountain torrent,
Meet with the sea and load upon its current
The toil of countless million human hands,
Thy tribute to far distant foreign lands, —
Thou sleeping giant, holding in thy arms
Fair, unclaimed wealth and subtle untold charms,
Oh ! sleeping still dost dream that envious eyes
Are bent on thee to rob thee of thy prize ?
Oh ! land where youth and age meet in the past,
Where all in moulds of yesterday is cast
Denying e'en the right of time to change,
Still holding bound beneath thy mountain range
Thy buried wealth content to guess thy strength,
Wilt thou still sleep till all is gone at length ?
Thy star was set above the Western World
Long ere the hordes of Tartar might were hurled
O'er thy fair land and Europe's trembling plain,
Wilt thou still sleep, and wake too late again,
Imperial sons of glorious Ning and Han
Lulled into bondage by a geisha's fan !
Call back again the mighty dragon's breath,
And save thy sons from bondage worse than death,
Or let thy new born freedom wake, unite
The hearts of all thy people to the fight.
Let not a stranger or thy foe lay hold
Of thine own heritage of wealth untold :
Fear not the new, the progress of the West.
But look thou ope thyself thy treasure chest.
Raise o'er thy might thy nation's flag where all
May see it proudly wave and loudly call.
Again thy common trial a common cause
Four hundred million loyal hearts to rouse
From near and far to fight the common foe,
Forgetting party strife and weal or woe. —
Oh ! China wake to fear the envious eyes
That seek to bind thy soul and steal thy prize !
Ten million friendly hearts across the sea
The progress of the Western World hold forth ;
Send then thy sons from south and east and north
And west, and grasp the sword they offer thee !

HELEN BALDWIN.

Kalgan, China, February 1, 1919.

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07-431

Chinese, British, American or French, makes that much more raw material available for the workers of Japan, employs that many Chinese workmen who will be buyers of Japanese goods. Of course if all mines were to be opened by Japanese, all the ore would go to Japan, instead of merely a portion as might possibly be the case if other nationalities were to be in charge. But Japan has not the capital to do everything, and unless the Chinese have wage money with which to buy the hardware which Japan manufactures from this ore, the mere ore will not be of much benefit to Japan. Japan's exports to the United States are twice as large as those to China, in spite of the fact that the United States has a population only one-fourth of China's, situated fifteen times as far away. Think of the advantage to Japan if China were like the United States. Hence it is to the highest interest of Japan that all these nationalities be enlisted in the development of China, provided they do it under the natural laws of trade, rather than under monopolistic privileges. By such a program, Japan's fundamental need will be supplied ten times as adequately as if she had all China to herself—a hundred times as adequately as if she had merely some mere part of China. Such a program does not offer promising careers for ambitious militarists. It does not look forward to triumphal processions with slaves chained to chariot wheels. But it does provide an industrial career for Japan equal to any in the world. It means food for Japanese workers, a rising standard of living, domestic quiet, an ever increasing economic strength for Japan. It means peace in the Far East.

A. M. C.

Peking, February 5, 1919.

# Notes from Peking

Mr. and Mrs. Myron Simon, of the China & Java Export Company, are in Peking spending their holiday and are stopping at the Hotel des Wagons-lits.

Charles L. Coltman and O. Mamen, of the Mongolian Trading Company, have come down from Kalgan for a few days' stay and are visiting Dr. Robert Coltman, of the Standard Oil Company.

W. G. Naumann, of the Danish manufacturing firm of Nielson & Winther, Siaoyi, Honan, is in Peking for a brief visit on his way back to his home in Copenhagen.

Captain Edward M. Watson, U. S. N. at Tientsin, has been appointed Naval Attache to the United States Embassy in Tokio in place of Commander F. J. Horne, who leaves for America in a short while.

On February 5 the President gave a dinner to ex-President Feng Kuo-chang, Premier Chien Nun-hsun, Minister Chin Yung-pang and Sun Pao-chi, director-general of the Customs Administration.

Mr. and Mrs. A. H. Baer and Mr. and Mrs. A. J. Evers left Peking on February 5 for Shanghai to sail on the *China* for San Francisco. A large number of their friends were at the station to see them off.

The American Minister and Mrs. Reinsch gave a dinner party on the evening of February 4, among their guests being certain members of the staff of the legation and various representatives of the Diplomatic Corps.

A farewell dinner was given to A. H. Baer, of the Siems-Carey Railway & Canal Company, at the Peking Club last Saturday evening. Among those present were Murray Sullivan and R. H. Davis.

Lady Aglen, the wife of Sir Francis Aglen, Inspector-General of Customs, is shortly returning to Canada to join her four children, who are at school in Vancouver, B. C., and go on with them to London for an extended stay.

William North was married to Miss Hester Goldenburg on February 4 at the British Consulate in Tientsin by Consul-General H. Goffe. A reception was given later at the home of the bride's sister, Mrs. W. J. Warmsley.

A telegram was received in the Capital stating that C. C. Wu, Vice-Minister for Foreign Affairs of the independent government at Canton, is leaving in the near future for France to represent the South at the peace conference.

On February 6 a number of Mongol princes paid their respects to the President. They were afterwards entertained at a banquet and various theatrical performances. The President presented to each of them New Year gifts.

Madam Bergstroem, the wife of the Swedish Minister, who had an unfortunate accident on December 31, when she stumbled over a tiger-skin rug and broke her arm in the resulting fall, is gradually recovering under treatment.

Lt.-Colonel Norris Neuman, the managing director of the North China Printing & Publishing Company, and editor of the *China Critic*, Tientsin, spent the Chinese New Year holidays in the Capital as the guest of Mr. and Mrs. W. R. Giles.

On Saturday, February 22, a gathering of the American College Club will be held in Peking in the Waichiaopu Building. A reception will give opportunity for meeting friends, and a buffet supper will be served and the hall will be available for dancing.

The annual general meeting of the Anglo-American Association, postponed owing to the lack of a quorum, took place on February 7 at 6 p. m. in the British Legation Theater. Kungpah T. King lectured on the history of Chinese paintings.

A League of Nations Society was organized in Peking on February 5 by a number of influential and intellectual Chinese, its object being to further the cause of the League of Nations and to advocate the formation of similar bodies elsewhere in China.

The Chinese at Peitaiho report that many Japanese are to be seen carefully examining German lands and houses there. No reason is given for this interest. Japanese are not forbidden by Japanese law from purchasing enemy property and have bought large amounts of it in China, especially at Tsinan.

J. E. Jacobs, American Interpreter and Vice-Consul at Shanghai, has been spending the past few days with Mr. and Mrs. Eugene Lamb, of the American legation. Mr. Jacobs came to Peking to take his semi-final service examination and expects to return to Shanghai by way of Hankow soon.

*The*

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49D-4

The Anti-Narcotic Society will hold a mass meeting on February 8 at 7.30 in the Tientsin Y. M. C. A. Building. Among the speakers are Wang Houchia, president of the Y. M. C. A., Chang Po-ling, principal of the Nanking School, and George Woodhead, editor of the *Peking & Tientsin Times*.

It is reported that an agreement has been signed between Japanese representatives on one side and the Chinese government on the other for the export of several million piculs of rice from the Yangtze Delta. It is however unlikely that the opposition of the Kiangsu merchants to this step has been overcome.

The Mother's Club of Peking is holding its next meeting on the afternoon of February 10 at the home of Mrs. George E. Davis, in the Methodist Episcopal Mission. Mrs. Stifler and Mrs. Packard will address the Club on "Some Modern Movements in Education."

An exhibition of Chinese and foreign works of art was opened on February 4 in the main building of the Peking University, the proceeds resulting from the exhibition to be used for the benefit of the Chinese blind in Peking. The exhibition lasted till February 10.

Mr. Obata, Japanese Minister to Peking, gave an interview to the foreign correspondents in Peking on February 3, in which he denied that he had tried to bring any pressure to bear upon the Chinese government in his attempt to control China's peace delegates at Paris.

A translation bureau has been established in the Ministry of Finance to translate financial news into English, French and Japanese for circulation and publication in the foreign papers. Wu Nai-sun, English secretary to the Minister of Finance, is in charge of the bureau.

Mrs. J. E. Hayes on February 3 gave a farewell luncheon to Mrs. A. J. Evers, of the Rockefeller Foundation, who has been a guest at the house of Mr. and Mrs. Hayes since her departure from the hospital. Among the ladies present at the tiffin were Madames Paul S. Reinsch, W. S. Drysdale and C. H. Minor.

A report is in circulation in Peking that the Northern and Southern peace delegates have decided to hold their meetings in the Buildings of the Chamber of Commerce at Shanghai, which are considered to be under Chinese jurisdiction just as the Office of the Foreign Commissioner, although they are in the foreign settlements.

J. H. Blackstone, of Nanking, trustee of the Stewart Evangelical Fund, has just returned to Tientsin from Peitaiho, where he has been looking for sites for conference grounds. Mr. Blackstone hopes to have the buildings ready for the conference, which will be held in August. The Stewart Evangelical Fund is a sum of about $1,000,000, both principal and interest to be used for immediate evangelization in China. The principal field of the work has so far been in the Yangtze region, with headquarters at Nanking.

Paul Cassat, registrar and treasurer of Shantung University, and Ralph White, of Soochow, have visited in Peking and neighborhood and have returned to Shantung and Soochow, respectively, after having had much sight-seeing. During their stay in Peking they were the guests of Albert Parker, of the Peking Language School.

Hsiung Hsi-ling, one of the prominent leaders working for the union of the North and South, has recently returned from the South and called upon the President in Peking on February 6 in an attempt to strengthen his resolution to stand firm in dealing with the Japanese government, which tried to muzzle China's peace delegates in Europe.

The American college women in Peking are holding a luncheon at the Hotel de Pekin at one o'clock on February 8 for the purpose of discussing the organization of a College Women's Club. The hope is expressed by the promoters that the new club, when it is formed, will be able to do work in China as good as or better than that of the American College Club.

The Peking chapter of the American Red Cross is in receipt of information from Siberia to the effect that it can accomplish the best results by concentrating its energies on the production of garments for refugees. The Executive Committee has, accordingly, asked Mrs. Lucius C. Porter to take hold of this work, and Mrs. Porter has now built up a staff that is large enough to turn out as many garments as the chapter can pay for.

Federal incorporation for American enterprises in China is the subject of agitation by the American Chamber of Commerce of Tientsin and other American organizations in China. It is pointed out that Americans at present are at a decided disadvantage as compared with British, French and Japanese in organizing China business, and that American state laws are not designed to meet the situation which exists in China and that they impose too heavy a federal corporation income tax upon American enterprises in this country.

Peking, February 8, 1919.

# Who's Who in China

**Kang Yu-wei, Chinese Advocate of the League of Nations**

*Kang Yu-wei, who is now sixty years of age, has recently come into the public limelight on account of his book on Utopia, in which he advocated the League of Nations, and which has long been forgotten.*

*In 1895 Kang Yu-wei successfully passed the metropolitan examinations and received the degree of Ph. D.*

*He however preferred the life of a scholar to that of an official. Accordingly, he opened a school in his native province, Kwangtung, and gathered together a large number of Chinese scholars from all over the land as his pupils. One of his pupils who has since distinguished himself is Liang Chi-chiao, former Minister of Finance, who is now on his way to Paris to study the financial situation of the world.*

*Kang Yu-wei is a well-known reformer, and started his campaign in favor of reform in the South before 1900 by means of leaflets and lectures. On June 14, 1898, he was received in audience by the late Emperor Kuang Hsu on the recommendation of Weng T'ung-ho, the Imperial Tutor. He at once obtained a strong influence over the Emperor, and was responsible for the famous reform decrees of 1898 issued by the Emperor. A plot to prevent the Empress Dowager from actively interfering in politics laid by Kang Yu-wei and his followers was however discovered. In consequence, Kang was proscribed and ordered to be decapitated when the Empress Dowager effected her coup d'etat to save herself. Fortunately Kang escaped, and resided abroad for many years, principally in America.*

*Kang Yu-wei returned to China after the overthrow of the Manchu government and the establishment of the Republic. Through the encouragement of the late President Yuan Shih-kai, he founded the Society for the Worship of Confucius. He has been a persistent advocate of the adoption of Confucianism as the state religion of China. His efforts in that direction have thus far failed in spite of his influence over the literati.*

*One of Kang Yu-wei's ambitions has been the restoration of the Manchus to the Throne. He played an important part in General Chang Hsun's movement to recrown the dethroned Emperor in the summer of 1917. He had to leave Peking upon the failure of the movement, as he was ordered to be arrested by the republican government. In March of 1918 he was pardoned, and now he is a free man again.*

*Kang Yu-wei's writings are widely read by Chinese scholars. He has not written much recently, but he is devoting all his time to the campaign for the adoption of Confucianism as the state religion of this country.*

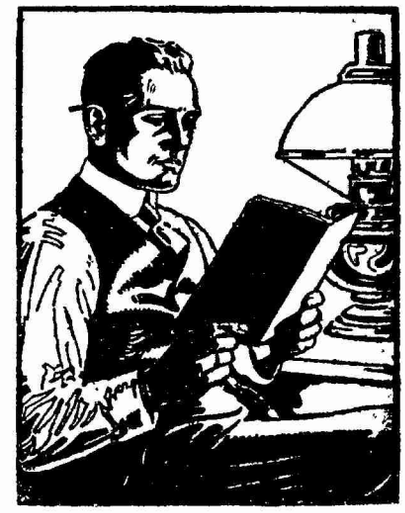
# Week's News Summary

## THE ARMISTICE

*January 27.* According to a report from a high French diplomatic source the Peace Conference hopes to have completed the determination of the terms of peace for submission to the different national governments for ratification between the middle and the end of March and the German delegates will be summoned to Paris for the conclusion of peace.

*January 31.* The French press says that the decision of Great Britain to support President Wilson's proposal to internationalize the territory captured from Germany involves the admission that the treaties made with Japan for the retention of the islands in the North Pacific, with the Arabs regarding Syria and the understanding with the French regarding the Cameroons, must be arbitrarily modified, if not torn up.

*February 5.* The demands of the Czecho-Slovaks occupy the attention of the Supreme Allied Council; these demands include the formation of a State with

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a population of about 12,000,000, generally within the boundaries of the ancient kingdom of Bohemia.

*February 8.* The British Admiralty is reported as being strongly in favor of total prohibition of the building of submarines and the abolition of their use in warfare, notwithstanding the fact that Great Britain is in the lead in the actual possession of submarines.

*February 9.* A message from Tokio states that Baron Makino, the chief Japanese representative at the Peace Conference, has been instructed to disclose all unpublished treaties with China.

*February 10.* The Peace Conference continues to consider the terms of the renewal of the armistice; the British view is that conscription ought to be abolished and, therefore, the German army should be compulsorily reduced to its future peace footing, whereas the Americans favor leaving the Germans to dispose of their man power but insisting on the surrender of war material.

*February 11.* The Supreme War Council discusses the conditions for the renewal of the armistice.

## CHINA

*February 4* Mr. Obata, the Japanese Minister to Peking, is interviewed at the Capital by a body of foreign correspondents and is invited to make a statement in regard to the reports and rumors in circulation with reference to Japan's attempt to control the Chinese delegation in Paris; Mr. Obata among other things states that it would be impossible to imagine Japan making any threat or military demonstration against China at this juncture in the world's history when the Peace Conference is sitting.

*February 13.* Tang Shao-yi, the chief Southern delegate to the domestic peace conference sitting at Shanghai, in a telegram to Peking reiterates his request for the prohibition of the importation of war munitions from Japan and directing the return thereto of such as have already reached China.——It is announced at Peking that the principal exemptions from the pending repatriation of German subjects will be the wives and families of Germans interned in Japan and also doctors and missionaries whose services are deemed beneficial.

## GENERAL

*February 3.* The Sinn Feiners De Valera, Milroy and McGarry escape from Lincoln prison, it is not known how.

*February 4.* The British House of Commons reassembles, the Rt. Hon. James Lowther being re-elected Speaker.

*February 5.* The menace of a general railway strike in England is averted by the government recognizing the Railway Clerks' Association.

*February 6.* Tchitcherin, the Bolshevik Commissary for Foreign Affairs, notifies the Allies that the Soviet government is ready to make peace and acknowledges its financial obligations with regard to Entente creditors.——The U. Circuit Court of Appeals, reversing the opinion of the U. S. District Court of Toledo, rules that where a Chinese citizen is admitted regularly to the United States as a merchant the fact that he subsequently becomes a laborer does not destroy his rights to remain in the country. ——The German National Constituent Assembly opens in the Weimar Theater.

*February 8.* Reports of disturbances come from all parts of Germany; civil war continues in Dusseldorf and to some extent in Hamburg.

*February 9.* The London Subway Service is again open for service to a limited extent following a strike of the employees; the men go back slowly and normal conditions are expected in the near future.——A giant aeroplane named the *Goliath*, carrying 14 passengers each with 22 pounds of baggage, makes the trip from Paris to London in 3 hours and 40 minutes.

*February 10.* A Russian newspaper states that Moscow has been completely ruined under the Bolshevik *regime*; the shops are closed, their owners having fled.

*February 11.* Parliament opens in London, the ceremony being shorn of much of its stateliness owing to the Court being in mourning.——At Seattle the general strike comes to an end by the strike committee ordering 30,000 Union men back to work on the ground that the strike had not been sanctioned by the international labor brotherhoods.——The U. S. Senate voting on the amendment to the Constitution enfranchising women fails to confirm same by 1 vote short of the necessary two-thirds majority, the vote being 55 for, and 29 against.

# America

By eliminating the publication of official proceedings in one German and one English newspaper, a saving of about $45,000 yearly has been effected for St. Louis tax payers.

In a New Year's message to America, Pope Benedict expressed the hope that the peace conference might result in a new world order, with a League of Nations, the abolition of conscription and the establishment of tribunals to adjust international disputes.

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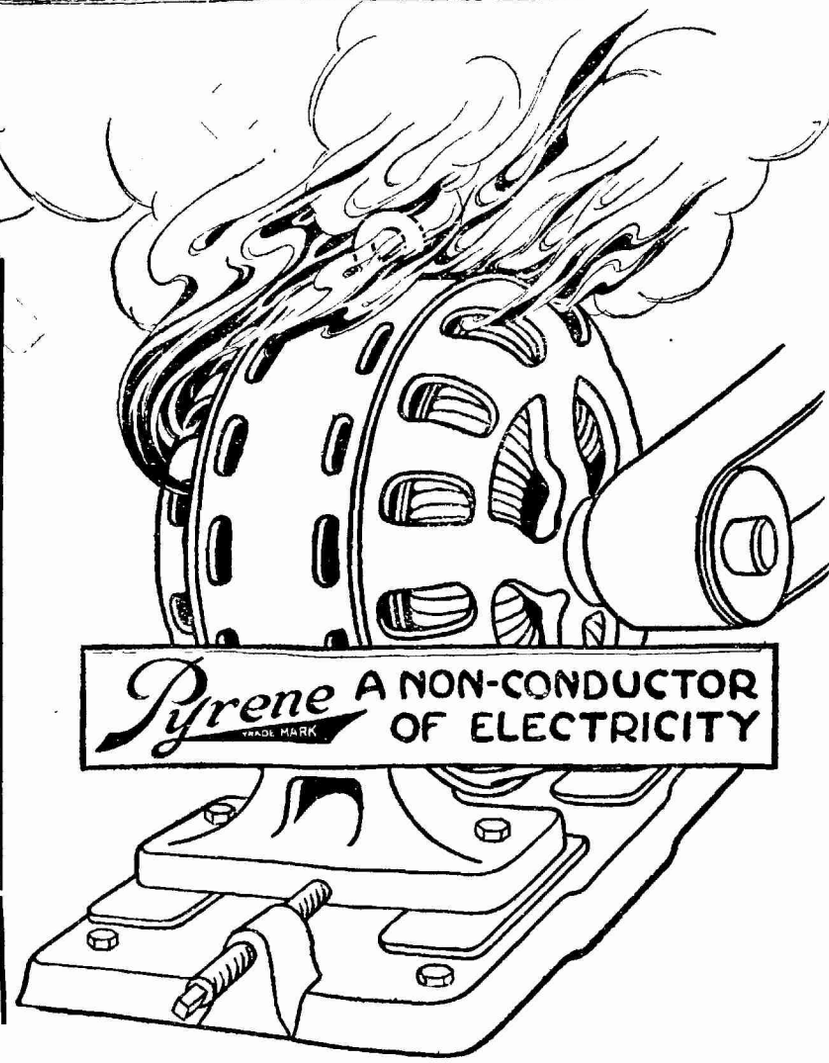


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# Men and Events

J. E. Hayes and R. H. Gaither, of the American Trading Company, of Peking, are in Shanghai on business.

V. Meyer, president of Andersen, Meyer & Company, has gone to Peking and Tientsin for a brief business trip.

Mrs. Paul P. Whitham, wife of P. P. Whitham. Trade Commissioner of the U. S. Department of Commerce, is visiting in Shanghai.

R. F. Hall, of Fearon Daniel & Company, who has been in North China on business, returned to Shanghai this week.

Julean Arnold, American Commercial Attache, arrived in Shanghai from Peking on Monday, February 10, from Peking.

W. R. Wheeler, professor of the Department of English at Hangchow College, Hangchow, returned to Shanghai from America on the s. s. *Columbia*, February 9.

C. A. W. Rose, assistant British Commercial Attache, Peking, is in Shanghai this week on business. On his way to Shanghai Mr. Rose stopped for a short visit at Tsinanfu.

L. O. McGowan, president of the China-America Trading Company, of Tientsin, and also president of the American Chamber of Commerce at Tientsin, is in Shanghai on business.

W. A. Burns, manager of the American Trading Company, Shanghai, who has been in America for the past six months, has returned to Shanghai. He is accompanied by Mrs. Burns.

H. Nishimoto, editor and proprietor of the Japanese weekly in Shanghai, gave a dinner on February 11 to about forty Japanese and Chinese. The dinner was given to celebrate the seventh anniversary of his paper.

O. S. Orric, president of the California Paint Company of Oakland, California, a company that manufactures paints, varnishes and roofing, is on his way to Shanghai for the purpose of establishing agencies for his company.

E. B. Bruce, president of the Pacific Development Corporation, has taken a house at 27 Rue Corneille for the next few months. Mrs. Bruce, who has been in Manila, is expected to arrive in Shanghai this week.

W. A. Dunn, who has been an architect in the office of R. A. Curry at No. 4 The Bund, Shanghai, has accepted a position with the Rockefeller Foundation at Peking. Mr. and Mrs. Dunn departed for Peking on Tuesday, February 11.

The Rev. C. L. Boynton, statistical secretary of the China Continuation Committee, Shanghai, will address the American Song Service on Sunday afternoon, February 16, at 5 p. m. at the Palace Hotel. Mrs. Frank D. Drake will sing.

Dr. F. J. White, president of Shanghai College, Shanghai, has been confined to his home for several weeks because of a broken leg. The injury was caused by an accident while riding in a Ford car to Shanghai College. He will probably be confined to his home for several weeks.

The death occurred on February 10, at the Victoria Nursing Home, Shanghai, of Frederick J. Stanley, manager of the merchandise department of Hall & Holtz, Ltd. The death was caused from an attack of rabies after an illness of three days. The burial took place at Bubbling Well Cemetery on Tuesday afternoon, February 11, at 5 p.m.

Wu Chao-chu (C. C. Wu, son of Dr. Wu Ting-fang) Vice-Minister for Foreign Affairs of the constitutional government of the Republic of China, left Hongkong February 4 direct for France where he will represent China at the peace oonference. Mr. Wu has been nominated by the millitary government and approved of by the National Assembly of the Republic of China as one of the Envoys Extraordinary to Europe.

Ting Pao-chien, ex-Governor of Shansi and former head of the Shansi Bureau of Finance, while riding in a ricsha on Tatung Road on Saturday, Februay 8, was fired upon by an unknown man, who fired three shots, one penetrating the back, another the arm, and one the neck. Mr. Ting was removed to the Shangtung Road Hospital and later to his home where he died about 12.30 a.m. next day. An inquest was held on February, 10 and a verdict was rendered that Mr. Ting had met death at the hands of a person or persons unknown.

A recent letter from John K. Sague, Appraiser of the Port of New York and formerly a member of the American delegation to the Tariff Revision Commission in Shanghai, states the movement toward the organization of a China Society in the United States is progressing and that a permanent organization will be effected in a few weeks. Although still in its preliminary form, the organization has already been of considerable assistance in arousing an interest in the United States in China. Mr. Sague stated that they hoped to have 50,000 members within a short time.

The S.S. Grayson, which recently docked in Shanghai, brought to this port what was said to be the largest single shipment of pharmaceuticals and biologicals ever imported, in the entire Orient. The shipment was consigned to Andersen Meyer & Co., and was received from Parke Davis & Co., a large drug manufacturing concern in the United States. B.A. Hensler, of Parke Davis & Co., a graduate of Union University has been appointed manger of this department.

The 1919 Shanghai City Directory *Hong List* was distributed to the subscribers during the present week by the publishers of the *North China Daily News*, Shanghai. The book includes lists of all firms, institutions, missions, consulates, etc; in the city, a street directory, a Who's Who, a residential directory, and in addition a list of all principle firms in the outports and an alphabetical list of missionaries, and a wealth of other general information such as exchange tables, harbor regulations, diplomatic and consular services for America and Great Britain, and postage rates, etc. In the Shanghai Who's Who or alphabetical list of foreign residents first honors go to K. Aagensen, of Andersen Meyer & Co., and final honors go to K. Zylstra, of Zylstra & Company, who ends the list.

David Lubin, of San Francisco, founder of the International Institute of Agriculture at Rome, Italy, and the American representative on the permanent board, died in Rome on January 1 of pneumonia. Mr. Lubin was a native of Sacramento and as a merchant in that city conceived the idea of the International Institute of Agriculture. The institute issued reports and other data on world crops

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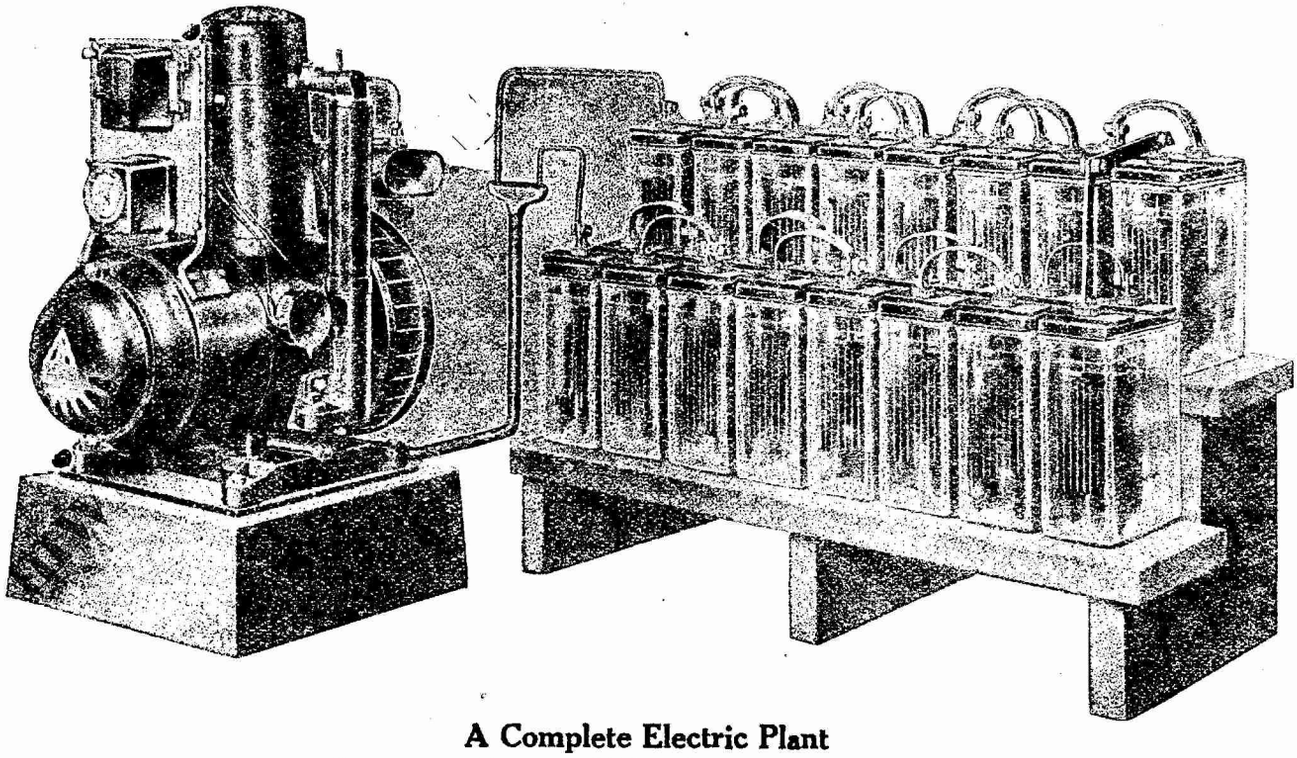

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07-439

and imports and exports of agricultural products. The treaty providing for the institute was ratified by 53 nations and received an annual grant of G. $60,000 from the Italian government. One of his last public utterances (printed in the REVIEW in December) was to urge the Allies to organize an international consortium modeled on the American Federal Reserve Banking System in order to meet the German industrial war after the conclusion of the peace conference.

## Asia Banking Corporation Opens for Business

The Asia Banking Corporation opened its offices this week in the new Ezra Building at 15 Kiangse Road, Shanghai, and all week have been hosts to their Chinese and foreign friends. The interior of the bank is arranged in accordance with the plan of an American bank at home, the entire emphasis is upon "service," or the accommodation of its customers. The bank is prepared to do an international banking business and its staff is drawn from men trained in these special lines. There is a savings department where accounts may be opened in American gold, English sterling, Japanese yen and French francs. Within a short time a branch will be opened in Hankow and this will be followed by branches in Peking, Tientsin, Harbin and Vladivostock.

The Asia Banking Corporation was organized in 1918 largely through the efforts of the Guaranty Trust Company of New York, one of the leading financial institutions in America. Other banks associated with the Guaranty Trust Company are: Bankers Trust Company of New York; Mercantile Bank of the Americas; Anglo and London-Paris National Bank of San Francisco; First National Bank of Portland, Ore., and the National Bank of Commerce of Seattle. The initial capital is G. $2,000,000 with a surplus of $500,000 with facilities for increasing its capital according to requirements. The officials of the bank both in America and in China are as follows:

Charles H. Sabin, president of the Guaranty Trust Company of New York, is president of the new Company. The vice-presidents are Albert Breton, vice-president of the Guaranty Trust Company, and Ralph Dawson, assistant secretary of the Guaranty Trust Company, Robert A. Shaw, of the Overseas Division of the Foreign Department of the Guaranty, is the treasurer. The directors are Charles H. Sabin, Seward Prosser, president of the Bankers' Trust Company; Thatcher M. Brown of Brown Brothers & Company, who will represent the interest of the Mercantile Bank of the Americas; Eugene W. Stetson, and Albert Breton, vice-presidents of the Guaranty Trust Company of New York; F. I. Kent, vice-president of the Bankers' Trust Company; Ralph Dawson, Herbert Fleishhacker, President of the Anglo and London-Paris National Bank, San Francisco, Cal.; M. F. Backus, president of the National Bank of Commerce, Seattle, Wash; C. F. Adams, vice-president of the First National Bank, Portland, Oregon; and George E. Smith, President of the Royal Typewriter Company and of the American Manufacturers' Export Association New York. William C. Lane, vice-president of the Guaranty Trust Co. of New York, who came to China last autumn to prepare for the opening of the Asia Bank here, expects to return to America within a few weeks. The local staff will comprise Ralph Dawson, vice-president of the Asia Banking Corporation and assistant secretary of the Guaranty Trust who will be in charge of the opening shortly of the several branches in China, and Robert Buchan and E. C. Brownell (assistant treasurers of the corporation), J. H. Wichers, sub-manager; and W. W. Besson, C. M. Bishop, J. Buser, A. A. Dorliac, W. J. Swenson. R. Weusthoff. Other men are soon expected from America to make up the staffs of the other branches.

## Shanghai Attorney With Food Administration

Attorney Joseph W. Rice, of the Shanghai American Bar, who left here last spring, has been holding a responsible position with the United States Food Administration in Washington. Writing from there to Judge Lobingier under date of January 5 he says: "There is a Division of the Food Administration composed almost entirely of lawyers called the Enforcement Division, which as the name indicates puts the punch into the Lever Act, and I work with it. We have a number, 10 or 12, of good lawyers, headed by an excellent and prominent Boston lawyer named Bugden (whose brothers I know very well) and altogether, though it may seem a little surprising, the work is good. The office surroundings are extremely pleasant. Altogether I have enjoyed the work. The last two months have been very busy ones for me, as I have had a tangle to straighten out and a huge mass of work to finish. There is only one twist in the Act which can be used to get results and that is the licensing of all food dealers. Individual cases of revocation of license occupy us, as we give hearings to each licensee to show cause before revocation, and adhere as closely as consistent to legal principles. There has been an excellent and intelligent lot of men in the Food Administration; men successful and outstanding in various branches of business of food distribution and manufacture and it has been a pleasure to work with them. The work is now fast coming to an end, and I expect to be allowed to leave in about ten days. Muscularly of course I could leave now, but don't wish to go until my work is completed. * * *

When I finish here I am going up to New England to enjoy a little cold weather, skating (of which I am fond) and winter sports at a winter resort there. Then back to Boston, and then my plans are not quite settled. Perhaps I may come back to China, but then again I may not."

## Japanese Establish Red Light District in Front of Missionary Station

A subscriber to the "REVIEW" in a letter dated February 11, writes as follows: "I have lived at Tsingtao during its occupation by both the Germans and the Japanese and I know a few things about them both. Just recently I have moved to Tsinanfu, the capital of Shangtung province, which the Japanese are also planning to hold against the wishes of both China and the Allies. Against our protest, the Japanese planted their ,'Red Light District" right across the road from our fine mission compound. The place where they located their enterprise was a bog-hole and required months of filling in with material brought by a narrow gauge railway from the hills. We all know why the Japanese government did this at such an expense and waste of time when there were many more desirable sites that required no filling in or cutting down of grades. The Japanese government issued an elaborate invitation to all foreigners except to consuls and to missionaries to the three days and nights of hell during the opening," of the place.

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During the day, especially when you go out of doors, protect your face from the cold by applying Pond's Vanishing Cream.


## Two Americans Included in 12 Candidates for Municipal Council

Twelve ratepayers having been nominated as Councillors for the foreign community of Shanghai for the Municipal year 1919, an election will be held on Thursday and Friday, February 20 and 21. No voting tickets will be issued. Qualified ratepayers desiring to vote are required to attend at either of the voting stations, which will be at the Revenue Office, 7A The Bund, and the Hongkong & Shanghai Bank Sub-Agency, Broadway. Nine Councillors will be elected. The candidates are:

C. M. Bain (merchant), proposed by R. S. F. McBain, seconded by E. Jenner Hogg.

W. H. Barham (merchant), proposed by J. Prentice, seconded by C. M. G. Burnie.

J. H. Dollar (steamship agent), proposed by A. Stephen, seconded by W. C. Sprague.

A. Howard (merchant), proposed by A. Stephen, seconded by D. M. Nissim.

T. Ibukiyama* (steamship agent), proposed by K. Kodama, seconded by H. H. Girardet.

W. P. Lambe (merchant), proposed by C. M. Bain, seconded by C. R. Burkill.

H. A. J. Macray (merchant), proposed by D. McNeill, seconded by L. Midwood.

R. S. F. McBain (merchant), proposed by J. Prentice, seconded by J. H. Osborne.

W. L. Merriman* (merchant), proposed by W. C. Sprague, seconded by J. H. McMichael.

E. C. Pearce* (merchant), proposed by F. Ayscough, seconded by E. Jenner Hogg.

A. Brooke Smith (merchant), proposed by J. Johnstone, seconded by A. Stephen.

Ed. White* (merchant), proposed by Dr. J. W. Jackson, seconded by R. E. Wilson.

*Members of the present Council.

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# Lieut. Dearing's Letters to His Mother

*My Galahad of the Trenches, being a collection of the Intimate Letters of Lieut. Vinton A. Dearing with the American Army in France to his Mother, Mrs. Mary Hinckley Dearing. New York: Fleming H. Revell Company, 1918. U. S. $0.75.*

Lieutenant Vinton Adams Dearing was born in Yokohama, Japan, and was the son of Dr. and Mrs. John Lincoln Dearing. He was a junior at Colgate when the call of his country came to him as it did to thousands of other American young men and he responded with that fine spirit that words cannot describe, but which spirit is now going on and carrying the world forward toward better things. In the introduction the story is told in the following words by his mother:

"We stood in a little group trying to be gay, and succeeded. Then the last long kiss and we watched our tall soldier glide out of that dusky, dirty station, and saw his wonderful smile illumine all its darkness, and knew he was going forth to battle for us, and turned away, and let our breaking hearts have their way. But he went with his mother's smile, and over and over he told of his appreciation and gratitude. How well it is we do not know the future! I believed with all my soul that my boy would come back to me even as he went, beautiful as the morning, strong with the strength of ten, a glorious soldier, my Galahad, my love-child. But he lies in sunny France, and a little wooden cross marks his resting place, and next spring the poppies will grow on his grave, and he is not coming back."

The little book consists of the letters which he wrote to his mother and sister in Boston. In the front of the book is a reproduction of the American "Distinguished Service Cross," which his mother received from General Pershing together with a description of the brave deeds that he performed for his country—yes and for his mother. It is useless to attempt to describe these letters from an American boy to his mother. Every mother who has had a son in France will understand them. It is useless for others to attempt to do so. We have all received letters from the Front, but of all the letters, only those of son to mother really touch the heart. It has been said that the French soldier *writes* to his wife; the British soldier to his sweetheart and the American soldier to his *mother*.

We of the Far East who have had no conception of the sacrifices—of the broken hearts—of the pride of having a service flag in the window of our home—of the real meaning of this war of purpose, should read this book. To again quote the mother's words, "My reason for giving these letters to the world is that they may bless the mothers of sons overseas who may read them, and may perhaps teach some would-be soldiers the articulate expression of love. For like a golden thread through them all, runs the love of a high-hearted soldier who went forth to do battle for his mother and who means so much to him, and gladly gave all for his ideals. It is just that quality in these letters that makes them shine like stars on a dark night, in this sick and sorry time."—*Mrs. Mary H. Dearing is now in Peking living with her son, Harold Dearing, who is with the International Banking Corporation.*

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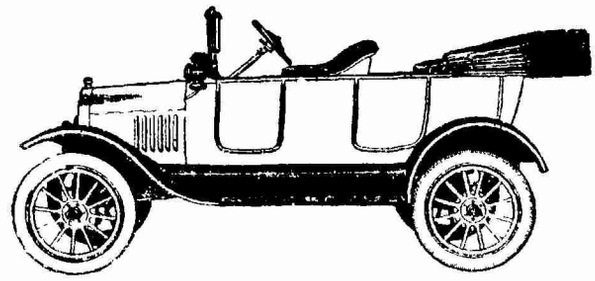
# Ford Car Essential in Development of China



The gratifying news from the Peace Conference in France has inspired thousands of intelligent Chinese business and professional men with the hope for better things in this great country. They see a new light of progress that will come to China in the next few years. It is evident already in the hundreds of new businesses and manufacturing enterprises that are springing up everywhere.

No longer will China be content to sit quietly by while others do all of the important work. The time for procrastination is now past and the time of progress has arrived. The wheel-barrow-the chair-the ricksha-the horse and the donkey must give way to the methods of transportation that have developed the West. Science is better and cheaper than animal power. Human beings must cease performing the work of animals in the New China.

In the development of the West, no single influence has approached the modern Ford automobile and the modern Ford truck. It is the one car that is built to stand the burdens of modern industry. It is specially adapted to present road and congested street conditions of traffic in China.

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### The "Neighborhood Red Cross"

The "Neighborhood Red Cross" was organized on October 16 at the home of Mrs. C. S. Lobingier, No. 12 Whangpoo Road, Shanghai, for the purpose of turning out war relief work, in addition to the regular work done at the work rooms at 18-B Kiangse Road. As was stated by Mrs. Lobingier, "it is not our desire to diminish the number of workers at the work rooms or the Junior Red Cross, but to be able to turn in some extra work." The meetings are held weekly, on Wednesday morning, from 9 to 12 o'clock and the average attendance is eleven. The amount of work that has been turned in is as follows: 75 bed sheets, 35 pair of double bed socks, 86 pneumonia jackets, 12 hot water bags, and 1,225 many-tail bandages, making the completion of 1,433 articles. In addition to this work two bundles of refugee clothing have been mended and returned to the Red Cross work rooms. Each morning light refreshments are served on a war-basis. The members attending these meetings are practically all regular workers at the American Red Cross work rooms.

### Literary Department of American Woman's Club

Prof. D. Y. Lin, of Nanking University, gave a highly informing address to the Literary Department of the American Woman's Club Saturday, February 8, upon "Forestation in China." The undeveloped resources of China was the topic for the day, with Mrs. Guy Stockton as leader. Papers by Mrs. Stockton and Mrs. Brenneman were deferred to a later date in order to give more time to the speaker. Professor Lin, a few years ago graduated from Yale Agricultural school, is doing pioneer work in promoting public opinion upon China's need of forestation. He spoke of the necessity for wood as the framework of civilzation; from cradle to coffin it is our necessity; industries cannot operate without it. In consequence of centuries of reckless deforestation, China now imports quantities of lumber from Sweden and Australia, at so high a price that whereas other nations talk of the increased cost of living, the Chinese discuss the increased cost of dying (due to rise in price of coffins.) Native timber from southern Hunan takes from one to three years to be floated down to market. The condition of China's mountains are a horrible example of deforestation, and in part consequence, China is a horrible example of floods, poverty and brigandage. Prof. Lin compared the probable 5 per cent of forest in China with larger percentages of other countries; and gave figures of government revenues which other nations derive from their forests, showing the advantage China could derive from the millions of acres of land not arable by turning them into health promoting, revenue producing, flood preventing forests. Some interesting apparatus used in lectures in ten provinces were shown: one a huge fan, each opened spoke of which proclaims some direct or indirect advantage of forestation: another, two inclined planes, demonstrating the difference in velocity with which water rushes off bare rocky surface, and spongey, vegetated surface. Encouragements and problems were elicited from the speaker by questions. Chief among these were the interest of some provincial governments, Chekiang under a former governor having planted a million valuable trees and the fact that the School of Forestry of Nanking University will graduate fifteen young men in June to forward the propaganda. In the business meeting preceding the address, a resolution of condolence to the mother and husband of an honored member, Mrs. George Fitch, was passed. Mrs. Fitch having served as Secretary of the Department, it became necessary to elect a successor; the efficient Assistant Secretary, Mrs. Charles Fondey, was chosen. Mrs. F. J. White will be in charge of the next meeting February 27, when the Chinese people will be studied, beginning with the aboriginal inhabitants and conquering races. Attention of the members was called to the mistaken dates in the Club Calendar for the meetings of the Department beginning in February. The second and fourth Thursdays of each month will be observed.

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## Far Eastern Press Opinion

### The Japanese "Bluff"

*The following Chinese press comments on the recent Japanese attempt to "bluff" China into recalling her delegates to the peace conference in France are reproduced from the "Shanghai Gazette":*

*From the "Chung Hua Hsin Pao"*

In terms that were neither sensational nor exaggerated, Commissioners Koo and Wang told the world representatives of the claims of China. The Japanese Minister has evidently repented of his harsh act as he has denied that he ever threatened China with military interference or economic pressure for the muzzling of the Chinese delegates. The fear of Japan is the disclosure of the secret treaty. Now according to usual practice only international alliances and matters of similar kind are agreed upon by secret treaty. Whatever is the nature of the military pact it should have ceased to be valid as the war has ended in Europe. Furthermore, in reality the pact is not a proper treaty at all as it was never passed by any parliament or sealed by any Chinese President. Justice and right must disappear from this world if such a secret treaty could be allowed to remain in force and unknown not only to the world but also to the Chinese people who are directly concerned. Place this secret treaty before the world and we are sure justice will be done.

*From the "Shen Pao"*

With reference to the new Chino-Japanese crisis the intention of the Peking government seems to be that all diplomatic questions should be settled by the Minister for Foreign Affairs, and all international questions concerning the Paris conference by the said conference. This is why Chen Lu, the Acting Minister for Foreign Affairs, has said, "Treat the matter as if of the past." We may say we had better look at the matter as if it has never happened. There is no real need for the Japanese Minister to make so much noise about the affair, but he has. What we wish to see is that Peking will avoid all secret treaties and understandings. We have no cause for fear or suspicion if we know what the Peking government is doing.

*From the "Hsin Shen Pao"*

The beginning of the internal peace conference was brought about by the advice of the foreign legations. It looks as if its progress is to be greatly hastened by the extraordinary attitude of Japan. The fact that Tang Shao-yi has wired direct to Peking to protest and that Chu Chu-chien has proposed to act jointly with the Southern delegates shows that the differences between the North and South are fast disappearing on account of the Japanese pressure. This is a point for congratulation.

*From the "Sin Wan Pao"*

When the Japanese Minister raised a storm in Peking in connexion with the Tsingtao question it was reported that Tuan Chi-jui might be used by the Japanese as a catspaw to press their demands. Latest reports from Peking confirm the fact that Tuan Chi-jui has been urging Hsu Shih-chang to instruct the Chinese delegates at the Paris conference not to say anything more about the Tsingtao question. Although Hsu Shih-chang has refused to listen to such council the fact is proved that Tuan is pro-Japanese. The attitude of Dr. Koo and Wang is not praised by the people of China alone as it is pronounced to be proper and timely by other peoples. It is difficult to understand why Tuan Chi-jui should obey the Japanese so readily and willingly. He could have extricated himself by merely resigning. This is presuming that Tuan is under compulsion for some reason to obey the Japanese. From what Wang Ta-hsien has said it appears that the thing is deeper than it appears to be. Why the chief of the Commission on Diplomatic Affairs should refuse to make a statement but sigh instead is food for our meditation.

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# 1918 A Remarkable Year in the Silver Market

BY JOHN F. HARMAN

*In the New York "Journal of Commerce"*

To point out the chief services rendered by silver during the year 1918 is the aim of this article. The opportunity naturally leads up to a record of the fluctuations of silver, the causes of the fluctuations and the submission of statistics relative to the production, demand and distribution for the current year as well as to an outlook into the future as far as a forecast can be made from the data available at present. To understand the silver situation one must take a broad look through Eastern eyes. Sentiment as well as utility has not diminished in the passing years the esteem with which the white metal is held by Oriental countries. As an illustration of what is meant by "sentiment" or "charm" we would put in evidence the substance of a recent report to our government by our Consul in Arabia, namely:

"The Austrian Maria Theresa dollar is still an important article of commerce as well as a medium of exchange in that country. Perhaps 200,000,000 dollars have either been put in circulation or hoarded as treasure by the natives. These dollars all bear the date 1780 regardless of the time of mintage, and bear on one side the bust of Queen Maria Theresa. The coin has a great fascination for the natives. So long as the crown on the Queen's head and a brooch on her shoulder are sufficiently distinct to show the number of jewels which they contain, the dollar is accepted at full value; but when these two marks become worn the dollar loses in value."

This is an old story told in a new way, but it furnishes an explanation of how and where and for what purpose a large portion of the silver exported to the East is absorbed and finds an abiding home. In considering Eastern requirements, emphasis must always be put on conversion into ornaments, but the ornaments are not solely for the purpose of adornment, as they are also regarded as an investment of accumulated wealth. This double use as well as the function which the metal serves as a medium of exchange in mercantile transactions must be regarded as a custom likely to prevail so long as countless millions cling to the tradition of their ancestors.

Upon our entrance into the war, it was found necessary to obtain in quantity various products of the East, more especially from India, both raw material and foodstuffs, such as jute, cotton, rice, wheat and other articles, for the needs of the Allied nations. This service could only be performed by the establishment of credits or the transfer of silver or gold in volume. The services of silver seemed to be the most satisfactory agency, in the opinion of financial experts, to satisfy the requirements of Eastern exchanges, to unlock the products of Asia for export and to transport them to those countries where our Allies and ourselves found the most pressing needs existed.

It had been realized by men of vision for some time in the advance of these needs, that the output of silver through ordinary mining operations and from normal supplies would not be sufficient to accomplish this result. Therefore, through conferences between the American and British authorities, as well as with the producers of silver in our own country, a bill was introduced into Congress last spring to release for specific purposes a portion of the standard silver dollars minted under the Sherman Act and held in the Treasury against the issue of silver notes. Opinion in regard to the propriety of this action was not divided, and as a result of discussion leading up to legislation the most important featute of 1918 in connection with silver was the passage by Congress of the Pittman Bill, which became a law April 23, 1918. The object of this bill is according to the following preamble:

"To conserve the gold supply of the United States; to permit the settlement in silver of trade balances adverse to the United States; to provide silver for subsidiary coinage and for commerial use; to assist foreign governments at war with the enemies of the United States; and for the above purposes to stabilize the price and encourage the production of silver."

Under the provisions of this act the Secretary of the Treasury is authorized to melt or break up and sell as bullion a quantity not in excess of $350,000,000 standard silver dollars held in the Treasury of the United States. Any silver certificates outstanding against such silver dollars are to be retired at the rate of one dollar face value of such certificates for each standard silver dollar so melted and broken up. The Secretary is also authorized to purchase back from time to time an equivalent amount of bullion at the fixed price of one dollar per ounce 1.000 fine. To prevent contraction of the currency, authority is given the Federal Reserve Board to issue bank notes in amounts equal to the volume of silver or silver certificates withdrawn from circulation.

On June 30, 1917, the estimated stock of silver dollars in America was 568,000,000; of this amount about 71,000,000 were in circulation and in banks, leaving about 497,000,000 in the Treasury. On June 30, 1918, the stock of dollars in the country was reduced, and according to the report of the Director of the Mint was 499,000,000. This would indicate that at that time about 69,000,000 had been withdrawn from monetary use to be melted down as bullion. It is estimated, according to public information, that about 91,000,000 dollars in addition have

## Chinese Government Railway

### Kaifengfu-Honanfu (Peinlo) Line

The Kaifengfu-Honanfu (Pienlo) Railway often called the Lunghai and Pienlo Line connects the main Shanghai-Tientsin lines with the Peking-Hankow line. It is 115 miles long and was financed principally by Franco-Belgian capital.

This line joins the Peking-Hankow Railway at Chenchow and an extension to Hsuchowfu on the Shanghai-Nanking-Tientsin line is centemplated. The line is franchised and has a capital of Mex. $17,270,595 of which Mex. $17,182,006 is paid up. The franchise for its construction was granted to the Compagnie Generale des Chemins de fer et Tramways de Chine. 260 miles of extension to Sianfu was originally granted to two Chinese provincial companies. The first Section of 115 miles was redeemed by the Chinese Central Government in 1914.

The amount at credit for the cost of the railway was Mex. $16,537,779 and of this sum Mex. $16,300,117 has already been disbursed. Passenger receipts for the first five years working were: Mex. $273,489; $303,960; (No record); $482,097; $537,313. Freight receipts in 1911 and 1912 were Mex. $261,348; and Mex. $274,960, and in 1914 and 1915 Mex. $547,388; and $485,377 respectively.

The general working expenses in 1911 and 1912 were Mex. $465,179 and $524,741 and in 1914 and 1915 were Mex. $464,464 and $606,426 respectively.

**Further information regarding the line may be obtained by addressing the**

**DIRECTOR GENERAL, LUNGHAI RAILWAY**
**Peking, China.**


been or will be converted into bullion for transshipment to India, making a total of perhaps $160,000,000, equal to 123,000,000, fine ounces, in round numbers, as the amount furnished by the American government and exported to the East for the account of the British government for the year 1918.

The enormous value of the services which the United States has rendered India by releasing so vast an amount of standard silver dollars for the purpose of making settlement of adverse trade balances, has been recognized and appreciated by Sir James Meston, Finance Member of the Viceroy's Council. He has stated that, while normally India has an adverse trade balance of £18,000,000, owing to the war having cut off the most of her imports and increased the value of her exports, the result has shown a balance in her favor under date of September 2 nearly four times as great as her former deficit. The Indian masses do not understand the modern currency system and therefore are not attracted to paper money; they want hard cash. The government tried to meet the situation by issuing one rupee notes, but the people were suspicious of them and declined to take them to any great extent, so it was plain that the United States saved the situation, prevented a crisis in India and in return secured command of the raw materials so essential to the British requirements in the prosecution of the war and to a fulfillment of engagements to which the Allies were committed.

In addition to the auxiliary or supplemental shipments of silver to India in accordance with the contract between our two governments, the normal export of the product of the mines for the year must be primarily regarded. It is estimated that these consignments to London and to the Orient made from America would approximate 125,000,000 ounces, so that the total exports to Europe, India, China and the Far East for the year, combining both our government sales and private refinery output, might be estimated at 248,000,000 ounces.

A glance at the quotation records for the year, shows that the fluctuations of the silver market have been as follows:

| 1918— | London | New York official |
|---|---|---|
| January 2 | 43¼d | 86⅞ |
| February 23 | 43½d | 85⅛ |
| April 24 | 49¼d | 99¾ |
| August 19 | 49 13-16d | 1 01⅛ |
| November 12 | 48¾d | 1 01⅛ |
| December 31 | 48 7-16d | 1 01⅛ |

A survey of these figures indicates that silver advanced rapidly early in the year in anticipation of Congressional legislation, and on the passage of this legislation, supplemented by the rulings of the director of the mint, on August 19 it rose to $1.08⅛ per ounce, New York official price for commercial silver .999 fine, at which figure it has been stationary for the balance of the year. Previous to April 24 London furnished a "fixed price" based upon Eastern exchanges, but after that date the official price in New York was accepted as the basis to which the London price was adjusted, so that London has responded to the equivalent of New York, plus freight and insurance charges; insurance figures having dropped from 2 per cent to 3 per cent during the submarine scare to ¼ per cent, owing to cessation of war risks, explains the decline in London, while the New York price remains stabilized. It is not unlikely, owing to the demand, that silver would have advanced above these prices, had it not been for the fact that no bullion during recent months has been permitted to be exported except under license issued by the director of the Division of Foreign Exchange of the Federal Reserve Board, for essential civil or military purposes and on condition that the maximum price of $1.01½ per ounce 1.000 fine was not exceeded by the buyer. This fact has curtailed competitive dealings and restrained would be buyers, who would have been active bidders if there had been a free and open market.

Passing from the foreign to the domestic situation, it is worth while to call attention to the fact that while the home consumption of silver was put under the restraint of the War Industry Board and the amount permitted for manufacturers' use was reduced to seventy-five per cent of the average amount used in 1915, 1916 and 1917, trade requirements fell to fifty per cent or even less, indicating that business would have worked automatically according to the law of supply and demand without government restraint having been put upon the domestic buyers. A fair estimate of the new material that went into the arts and silversmith products in our country for the current year might be put at fifteen or sixteen million ounces, an amount much less than in previous years owing to trade depression.

As far as production is concerned it is the opinion of those who have given careful attention to the matter that the output of the mines and smelting companies of the United States for the year 1918 will not show any appreciable gain over that of the year 1917 which was reported by the Director of the Mint as amounting to 71,740,000 ounces. The Canadian yield will be about 23,000,000 ounces.

There are reasons, however, for the belief that the production of the world has shown an increase. This increment has largely come from Mexico. The Director of the Mint reports silver production of Mexico for 1916 as 23,000,000 ounces and for 1917 as 31,000,000 ounces. From the statistics furnished, the value of the imports from all sources into the United States for the current year up to November 1 is stated to be 61,000,000 ounces; fully 70 per cent of which was received from Mexico. Reasoning from this data, it is fair to presume that the imports for the entire year from Mexico would represent perhaps 50,000,000 ounces, but owing to the fact that there has been an export from Mexico of considerable amounts of coin (because the bullion value was in excess of the legal tender value), estimated at seven to ten million ounces, it is the consensus of opinion that the increase of the production of Mexico would bring up the exports for the year to 40,000,000 ounces or more. Gathering in the evidence from all sources the budget for the world's production for the year 1918 would be in the neighborhood of 180,000,000, ounces. The distribution of this amount has been somewhat along the following lines (although accurate figures are not yet available, and the estimate is a venture rather than statistical data):

| | Ounces |
|---|---|
| Home consumption in the arts | 15,000,000 |
| United States Government purchases | 15,000,000 |
| England and Continental requirements | 50,000,000 |
| Shipments to India and the Far East | 75,000,000 |
| Origin from various sources, destination unknown | 25,000,000 |
| Total | 180,000,000 |

In regard to the future of silver, the question is more or less problematical owing to the unknown conditions which must be confronted. Those who feel that the favor which silver has won for itself by the part which it has performed in helping to settle Eastern exchange questions during the past year and the aid which it is possible to furnish along this line in the future, look for an advance in price to the old-time figure of $1.29 per ounce. On the other hand, students of the past, pointing to the fact that in July four years ago silver was about 55c an ounce or less, feel that in the final readjustment the price will gradually decline and silver become more or less discredited as a money metal on the present commercial ratio, namely 1 to 20, as compared with gold. Both of these views, however, seem to be extreme, and if the future can be forecast from present allround indications, there are reasons for believing that the present price of silver will be maintained, and any changes which may occur are more likely to enhance than depreciate current values. To sustain this opinion it might be mentioned:

1. That England and America are determined to maintain their position as creditor nations and that they have control of the greater part of the world's gold supply. It is also evident that the huge volume of paper money issued by the various countries at war, more especially the Central Powers—Germany and Austria—will require a metallic foundation to support the enormous pyramid which has been built up of printed or engraved woodpulp. In the scramble to obtain silver as a second choice of precious metals competition among governments alone would materially help to advance prices.

The far-flown British flag floats over a larger territory to-day than in the past; commerce is following her flag, and the rupee is following commerce. The most recent advices from abroad are that the demand for the rupee is not yet satisfied.

2. Owing to the fact the silver output of the world, chiefly on account of Mexican troubles, has shown a material reduction since the year 1913, when it was 224,000,000 ounces, to an average since then of 167,000,000 for the five following years, it indicates a loss of metal wealth for that period, from 1914 to 1918, inclusive, of about 300,000,000 ounces, which might have been secured if normal conditions had prevailed; it also shows that much more metal could have been assimilated and taken care of by the silver-using countries during the last few years if it had been offered. This shortage of the annual supply has to a considerable extent been the occasion for the American government coming to the rescue, through legislation permitting and authorizing the sale, if necessary, of 350,000,000 standard silver dollars, equivalent to 270,000,000 fine ounces. This phase of the situation has already been explained. The opinion prevails that in time Oriental demands may require the absorption of the full amount which the Secretary of the Treasury is at liberty to dispose of but it is possible that after the present contract (the amount of which has not been made public) between the American government and the British government is completed the sales of dollars melted down into bars for Eastern export may be suspended. This curtailment would then create a condition where the supply needed to satisfy Eastern orders would have to be met by the output of mining and smelting opera-

Chinese Government Railways

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The Peking-Hankow route joins at Fengtai the main line of the Peking-Mukden Railway, by means of which this line is connected with the railways in Manchuria, Korea, Japan and Siberia, while steamer facilities at Hankow bring it into easy communications with the Yangtze River ports and Shanghai.

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Chikungshan Mountain (Summer Resort), not many Summer Resorts in China inland can bear comparison with the natural charming views that reward those who ascend the mountain of Chi Kung Shan whose summit stands at an altitude of 1980 ft. On reaching Sintien station, situated 110 m. from Hankow, a serpentine road climbs the mountain, on top of which are hundreds of beautful bungalows awaiting vacationists. This popular resort is celebrated for its scenery, where an almost unbroken communion with nature can be enjoyed for a week at a time.

Hsi Ling or Western Tombs. With their present-day accessibility, there is now little excuse for visitors to Peking omitting a trip to the Western Tombs, undoubtedly one of the most impressive sights in China. The site of these beautifully adorned Imperial Tombs is close to Liang Ko Chwang station, 79 m. from Peking, which is reached by a Branch-line formerly built for the exclusive use of the Imperial Sovereigns when visiting the Tombs of their ancestors. The Western Tombs include the mausoleums of four Manchu Emperors and three Empresses, as well as those of a number of Princesses. The region is justly appreciated for the charming scenery surrounding the Imperial Tombs and is highly recommended to any one in search of the extraordinary and beautiful.

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tions, which, as already stated for this year, is about 180,000,000 ounces, an amount that could more than be absorbed by India, China, Europe and America for commercial purposes, to say nothing about requirement for subsidiary coinage. Therefore from this point of view it would seem that the supply of metal from annual production unsupported by government aid would prevent any decline in prices and might stimulate an advance.

3. In the event that the government price of silver for export, namely $1.01 per ounce, should decline to $1 an ounce under a slackening of the demand for the requirements of foreign nations, it must be borne in mind under the authority conferred on the Secretary of the Treasury in the Pittman Bill he is authorized to order the Director of the Mint to buy back for replacement an amount of silver equal to the amount of standard silver dollars melted or broken up and sold as bullion at the fixed price of $1 per ounce for silver 1.000 fine. This would act as a stop-gap against any further drop.

So that should the present law remain on the statute books the probability is that it might be several years before the silver already released by our government could be recovered in the face of the commercial demand which is certain to exist, and will not be limited to a fixed price of $1 per ounce.

In conclusion, it seems probable from these premises that current prices will be maintained for some time to come and conditions become operative that might even lead to higher figures.

# New Books and Publications

## China Mission Year Book, 1918

*China Mission Year Book 1918, by E. C. Lobenstine and A. L. Warnshuis, secretaries, China Continuation Committee. Shanghai: Kwang Hsueh Publishing House, 1918. Mex. $2.20.*

TO those who are interested in the varied phases of missionary activities in China, this book should prove invaluable. The careful arrangement of its contents and index has made it very handy for reference purposes. There is no question that it should occupy a place in the book-shelf of every missionary, and for those outside of the missionary circle, who are sympathetic with the missionary movement in China, the educationalists, literati, and others, this book is indispensable as a means through which one can have a bird's-eye view of the great movement of the various missions which is going on throughout the vast territory of China and the tremendous influence for good that they exercise on about a million of China's population.

A number of articles dealing with the churches and missions, evangelism, education, medical work, Christian literature, and other interdenominational associations, it contains also a few well-written articles on the political and economical conditions which are brief but comprehensive. Undoubtedly these and many articles are the results of painstaking research and many years of careful observation on the part of not a few of the forty-two writers, as a result of whose efforts this book is formed.

The first part deals with general matters. Mr. Bevan writes the first paper. He must be a man of an optimistic temper. It was suitable he should write on "Constitutional Development" in 1917-1918. Some would question the adaptability of the word. He believes in it. He treats the subject fully and fairly. He suggests and weighs. He wants to be fair. He is impartial. He tries to deal squarely with the good and the bad. He is aware of the difficulties, but he is not hopeless. He thinks that with a few concessions by the one party, and a little compromise of principle by the other a settlement could be reached. As we read on we were afraid that the chief difficulty had escaped treatment, but were relieved to find towards the end that the author had not forgotten it. Julean Arnold, American commercial attache, reviews China's commerce, the progress indicated is not confined to last year, but is more in the nature of a general review of the past decades. He treats of railways, mines, cotton and flour mills, eggs, sugar, indigo and so on. It appears that 70 cities in China now have electric light. He also discusses shipbuilding, roads, canals, Chinese markets and their needs. F. K. Sanders has written on the training of the missionary. He is a gentlman living in the home lands, but seems to have much to advise on the learning of language and the conduct of missions in China. Whilst much sound advice is

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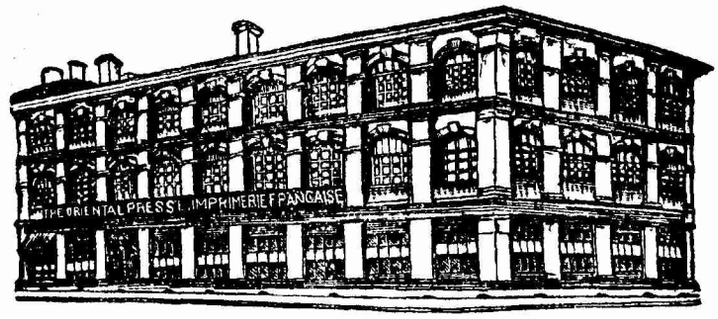


View of the Oriental Press Offices and Works and home of Millard's Review

*AGENTS FOR*

**Pacific Ports**, the important publication of Frank Waterhouse & Co., Seattle, U. S. A. This book of information contains material that should be in the hands of exporters and importers and shipping firms having connections in China or the Far East. It is a book of four hundred and fifty pages and is conveniently bound. The 1918 edition is now ready for distribution at Gold. $3.00 net. Apply to,

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given, yet there seems to the reviewer the danger that the tendency is to produce machine-made men and forget that, after all, the chief thing is human personality. Success and failure will depend on that. The supreme necessity is character and fervor.

Mr. Tyler's chapter on floods and relief work is instructive reading. The government was able to offer relief by borrowing from Japan. It is a shame for it to have done so. Japan is in the way of luck. She gets the name of a benefactor by lending money at a good rate of interest: a great part of this she further reserved for paying for calico for the destitute people of Chihli. Mr. Edwards gives a most interesting account of the coolies in France and asks the pertinent question, how far their experiences in France will affect them and the Chinese through them.

Most of these articles are interesting largely from the missionary point of view. The articles on "The Chinese Laborers in France and Y. M. C. A. Work for Them," "The Salvation Army in China, its Plans, Prospects and Policy" and "The Place of Woman in the Protestant Missionary Movement in China," should be of special interest, inasmuch as the first one gives a vivid view of the lively part played by the Chinese laborers in the great European war which has just been brought to a close; the second one is treated in a year when in many parts of the world, the place of women has occupied much attention and consideration; and the third one reveals the rather dramatic phase of the missionary activity which will soon launch into its new field in the form of the "Salvation Army" which is doing lively work in America and other countries. It will certainly occupy a unique position in the missionary field when it makes its appearance and China is sure to see a new phenomenon.

With the help of the charts accompanying this edition, which are graphic illustrations of the various statistics concerning the evangelical, educational and other fields of the missionary work, one is enabled to gain a complete view of the whole missionary work in China in a nutshell.

## At the Shanghai Hotels.

The following guests have registered at the Astor House Hotel during the week: Mr. and Mrs. H. J. Everall, Local; J. T. Spunt, Philadelphia; Mr. and Mrs. W. B. Walters, London; H. Zimmerman, Tsingtao; E. F. Crump; Mr. and Mrs. Wm. Katz, Local; Docquier and family; E. F. Mayer, Peking; J. R. Yang; A. F. Colley; Mr. and Mrs. M. J. Cavanagh; L. L. Harr, New York; Mr. and Mrs. J. C. McCoy, U. S. A.; Miss Waterman; Miss Fos; A. Ed. Almeida; Mr. and Mrs. R. S. Carr; H. Spitxel; Capt. Mr. and Mrs. Oarry; Hankow; Spitz; H. Murphy; Williams; Mr. and Mrs. Holmes; Miss Cooke; Miss Bryd; Miss Pain; Miss May; Miss Lawn; Graystone; Titchenor; Desotmer; E. Warwick; Mannering; Mr. and Mrs. E. M. Oswatt, Chicago; W. Williams; B. W. Fleisher; Miss M. Fleisher; A. Bassett; Chen Chingtao; Miss A. I. Guffin; J. Yavdynsky, Tsingtao; Mr. and Mrs. Mayer, Hongkong; O. H. Ritter, Hongkong; H. H. Herts, Manila; H. P. Kirkland, Vancouver; E. Muller; R. Buchan; J. Arnold, Peking; J. E. Hayes, Peking; F. S. Smith, Hankow; A. Urrequer; A. E. Paradissis, Chefoo; Mr. and Mrs. W. P. Duff; C. E. Lane; W. Houghton; Mr. and Mrs. Mathew; T. H. Buieley, Tientsin; Mr. and Mrs. P. G. Sargeant, Peking; E. J. Dalls.

The following guests have registered at the Palace Hotel during the week: A. V. Pinson, Kobe; Mrs. McGeo, Boston; Mr. and Mrs. J. W. Clark, London; Mrs. Angus, Yokohama; Miss Angus, Yokohama; Mr. and Mrs. G. H. Winslan and child, New York; T. B. Clark, Washington; Mr. and Mrs. J. Vanwickle, New York; B. Fleisher, Tokio; Miss M. Fleisher, Toky; P. C. Gibbons, New York; Walter Williams; D. S. Shuttlefield,; R. S. Pratt, Ningpo; M. and Mrs. E. S. Thellefsen, Ningpo; Mr. and Mss· W. C. G. Howard, Kashing; G. B. Ott, Ningpo; Mrs. Wayrona; Chong Young Wah; Miss D. E. Katz, San Francisco; S. G. Kukland, Seattle; L. Fuentana, New York; E. Evansen, Local: A. Borodlin, Tientsin; Mr. and Mrs. L. L. Harr and child, New York; A. E. Salvesent, Local; R. H. Gaither, Local; A. Holt, Nanking; W. Blenk, J. Elsther, Hongkong; W. S. Read, Kiukiang; W. R. Harris, Vladivostock; Mrs. Shithlanninoff, Vladivostock; A. W. Dewhurst; Mr. and Mrs. Vanwikle; A. E. Hearne, Kobe; Mr. and Mrs. A. F. Silva Vladivostock; Mr. and Mrs. W. Vintockin, Hankow; Mr. and Mrs. Daniloff, Vladivostock; Marshall Sanderson, Local; J. R. Toung, Local.

The following guests have registered at the Grand Hotel Kalee during the week: Mr. and Mrs. A. J. Evers, Peking; Mr. and Mrs. A H. Boer and children, Peking; Dr. and Mrs. R. E. Chambers; Edward Fox; J. S. Stubblefield; Miss Dobora E. Katz, San Francisco; Mr. and Mrs. S. D. Main; A. K. Tellefsen; Mr. and Mrs. C. N. Martin, California; Mr. and Mrs. Y. K. McIntyre; J. Ph. Manchen, Tsingtao; S. G. Wrentmore, Harbin; H. J. Anderson, Amoy; J. Rosenthal, Boston; S. Morse; A. S. Murch; A. M. Damelin, Tientsin; J. Elster, Hongkong; C. B. Jensen, Nagasaki; J. B. Norgord, Nagasaki; A. H. P. Jennings, Hankow; Mr. and Mrs. A. W. Turner, Local; R. G. Mordock, Hankow.

# In the United States Court for China

All Notices, Announcements, Judgments, Orders and other Proceedings appearing in this department of MILLARD'S REVIEW may be accepted as authentic.

William A. Chapman,
Acting Clerk.

*Recent Filings:*

February 8, 1919; Cause No. 730; In re Estate of Mary Anna Betines, deceased; inventory.

" 8, " Cause No. 661; A. Tapelisky et al. v. Manchurian-American Trading Corporation; plaintiff's motion for dismissal.

" 10, " Cause No. 644; In re Estate of Kate Landers, deceased; depositions.

" 11, " Cause No. 711; In re Last Will and Testament of John T. Anderson, deceased; petition; deposition; affidavit; letters testamentary.

" 12, " Cause No. 727; In re Estate of Nels A. Swenson, deceased; oath and bond of administrator; letters of administration.

" 12, " Cause No. 708; In re Last Will and Testament of Ellen McGrath Jansen, deceased; petition.

" 13, " Cause No. 732; In re petition of Peter Ohio Nangle to change name; petition.

" 13, " Cause No. 731; Shanghai Hotels, Ltd. v. Frank W. Hadley; plaintiff's motion for dismissal.

*Judgments and Orders:*

February 8, 1919; Cause No. 661; A. Tapelisky et al. v. Manchurian-American Trading Corporation; dismissal.

" 11, " Cause No. 726; Lane v. Lane; decree.

" 11, " Cause No. 711; In re Last Will and Testament of John T. Anderson, deceased; for issuance of letter Testamentary.

" 11, " Cause No. 644; In re Estate of Kate Landers deceased; for discharge.

" 13, " Cause No. 731; Shanghai Hotels, Ltd. v. Frank W. Hadley; dismissal.

" 14, " Cause No. 705; In *re* Krisel; suspension.

" 14, " Cause No. 644; In re Estate of Kate Landers, deceased; Final report; petition for discharge.

# The Black List Case in Full

I ON DEMURRER TO THE JURISDICTION
II ON THE MERITS
III ON WRIT OF ERROR IN THE COURT OF APPEALS

## In the United States Court for China

LEONARD EVERETT, PLAINTIFF, vs. SWAYNE & HOYT, INCORPORATED, DEFENDANT

### I. ON DEMURRER TO THE JURISDICTION

Messrs. Jernigan & Fessenden, by Mr. Fessenden, for the demurrer.
Messrs. Fleming & Davies, by Mr. Fleming, *contra*.
(*Filed July 17, 1916.*)

LOBINGIER. J.;

The defendant demurs to a petition alleging that it is a corporation organized under the laws of California with its principal place of business at San Franciso; that Jardine, Matheson & Co., Ltd., a British corporation, were and are its agents at Shanghai; and that in May, last, the defendant, thru said agents, wrongfully refused to permit plaintiff to send freight on one of its vessels unless such freight "should be passed by the British Consul at Shanghai."

The demurrer is based

> "on the ground that it appears upon the face of the petition that the Court has not jurisdiction of the person of the defendant in that it appears from said petition that defendant is a corporation organized and existing under the laws of the State of California, United States of America, and having its principal offices and place of business at San Francisco, in said State of California, and it does not appear from said petition that said defendant has any office, branch, place of business or property in China, or any official, agent or representative residing or being in China, over whom this Court has jurisdiction."

On first reading the above it appeared that the defendant sought to raise a question of service; but defendant's counsel states that "the objection to the jurisdiction is not based upon the ground of deficient or irregular service of process."

Moreover, according to most of the authorities, [1] at least, the demurrer itself would constitute a general appearance waiving any question of service.

Counsel for defendant, however, states the real point sought to be reached by the demurrer as follows:

> "A contract of agency was made between Swayne & Hoyt of San Francisco and Jardine, Matheson & Co. of Shanghai whereby the latter acted as agent for the former in loading and despatching the steamship 'Yucatan.' The contract was made, and to be performed, at Shanghai. It was therefore a contract made by an American company domiciled in California with a British company which to all intents and purposes of this action, are located in British territory and who performed the contract in what in so far as they are concerned is British territory. Both the place of making and the place of performance of the contract are for the purposes of this action British territory. It is therefore submitted that the rights of the parties growing out of this agency contract should be construed and governed by English law. For many years an exception to the general rules of law governing the relations of principal and agent has always been recognized in English law in the case of an agent acting for a foreign principal.
>
> "It has long been established in England that an agent cannot pledge his foreign constituent's credit in the absence of express authority to that effect."

The case [2] cited in support of this contention does not seem to us to go to the extent claimed even where the action is founded upon a contract; for it merely holds that a vendor who gives credit to an agent believing him to be the principal, and to whom the real principal has paid, cannot, after discovering the latter, hold him liable. It appears to be very far removed from anything here and while some language used in the opinion might have a bearing on the present situation it could hardly be accepted as controlling.

For the question here is not the interpretation or enforcement of a contract but the determination of an American corporation's liability for an alleged tort and we have been cited to no authority, American or English, to the effect that even tho, as between the parties, a contract of agency might be construed according to foreign law, the tortious liability of the principal to third parties would likewise need to be so construed. If defendant were doing business here thru American agents there could be no question of its liability for torts committed by them within the scope of their agency. Can it be that they may evade such liability merely by selecting British agents? Under the act of Congress "the laws of the United States" are "extended over all citizens of the United States" in China "and *over all others* to the extent that the terms of the treaties respectively justify or require." [3] Would it be consistent with this language to hold that a citizen (natural or juridical) of the United States could place himself under different laws by employing a foreign agent?

The case [4] cited by plaintiff's counsel seems much more analogous to that at bar than the one cited by defendant, the sole difference being that this action is brought in an extraterritorial jurisdiction. In view of the statutory language just quoted we are unable to see that this fact should require the application of a different doctrine.

Nor can we accept and apply to this court the doctrine advanced on the unsupported opinion of a text writer [5] with reference to the British consular courts that all parties to litigation before them must be habitually within their territorial jurisdiction. Regardless of whether such a doctrine is authorized under British legislation (and no authorities are cited) we find no American legislation which justifies it. On the contrary the courts of which this is the successor were expressly

> "invested with all the judicial authority necessary to execute the provisions of such treaties, respectively, in regard to civil rights, whether of property, or person; and they shall entertain jurisdiction in matters of contract, at the port where, or nearest to which, the contract was made, or at the port at which, or nearest to which, it was to be executed, and in all other matters, at the port where, or nearest to which, the cause of controversy arose, or at the port where, or nearest to which, the damage complained of was sustained, provided such port be one of the ports at which the United States are represented by consuls. Such jurisdiction shall embrace *all controversies* between citizens of the United States, or others, provided for by such treaties, respectively." [6]

We see nothing in this, or in any legislation of Congress, which limits the jurisdiction of the Court to parties resident in China. On the contrary the American courts here are expressly given jurisdiction of "all controversies between citizens of the United States" without reservation as to residence. Nor does the attempt to apply a doctrine, which confessedly is no part of the jurisprudence of the United States, merely because an American corporation has selected agents of another nationality, seem to us consistent with the provisions just quoted.

The demurrer is accordingly overruled.

By the Court,

CHARLES S. LOBINGIER,
Judge.

1. Encyc. Pl. & Pr., II, 635.
2. Armstrong v. Stokes, L. R. 7 Q. B. 598; 41 L. Q. B. 253; 2 English Ruling Cases, 471.
3. U. S. Revised Statutes, sec. 4086.
4. Barrow Steamship Co. v. Kane, 170 U. S. 100, 42 Law Ed. 964.
5. Piggot, Extraterritoriality, 199, 200.
6. U. S. Rev. Stats. sec. 4085.

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### II. ON THE MERITS

(*Filed December 28, 1916*)

SYLLABUS

**1. Common Carriers:** *Duties*: Under the Anglo-American w, it is the duty of a common carrier to serve all applicants alike, unconditionally and without discrimination.

2.—: *Conditional Acceptance*: Such a carrier is not justified in refusing to accept freight except on condition that the shipper obtains a third party's consent.

3.—: *Excuses Sufficiency*: The carrier is relieved from such duty by the Act of God or the public enemy but not by causes which he can remove, nor, according to the weight of authority, by the acts of his own servants.

4.—:—: Nor is it a sufficient excuse for such refusal that the carrier's agents are subjects of a foreign power which prohibits trade with the applicant or his customers.

5.—: *Measure of Damages for Refusing Freight*: The applicant's measure of damages for such refusal is reimbursement for actual loss incurred and this includes assured profits from a pending contract.

6.—:—: *Knowledge*: It is not necessary for the applicant to prove that the carrier knew of such contract.

7.—:—: *Reduction of Damages*: But against such profits must be charged any reduction which would result from shipping the goods by another available carrier.

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Messrs. Fleming & Davies, by Mr. Fleming, for plaintiff.
Messrs. Jernigan & Fessenden, by Mr. Fessenden, for defendant.

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LOBINGIER, J.:

This is an action to recover damages from a common carrier for its alleged wrongful refusal to accept and transport goods. The petition avers and the answer admits that the defendant is an American corporation, and the steamship *Yucatan* an American freighter which

> "arrived at the port of Shanghai, China, on the 13th day of May, 1916, under charter from said owners to the said defendants for a voyage from the port of San Francisco, California, to ports and places in China and Japan and return to San Francisco, and for other Pacific Coast ports of the United States. (Par. 4)
>
> "That the said defendants through their said agents on the 3rd day of May, 1916, and again on May 5, 1916, refused the plaintiff's said application for space and offer to ship as aforesaid by the said vessel on said voyage upon the ground that they did not have space available on said vessel, but that thereafter, to wit, on the 8th day of May, 1916, after plaintiff had called to the attention of said agents that they had allotted space to others applying at a date subsequent to the time of plaintiff's said application, the said agents of the defendants offered the plaintiff space on said vessel for said voyage provided the freight offered by the plaintiff should be passed by the British Consul at Shanghai and provided plaintiff did not offer more freight (or cargo) than the space at the disposal of said agents for the defendants. (Par. 10)
>
> "That plaintiff declined to agree to the aforesaid conditional acceptance of said offer by said defendants through their said agents in so far as it related to the approval of the British Consul at said Shanghai, and demanded that the defendants through their said agents accept said freight without said last mentioned condition. That defendants through their said agents refused to comply with said demand." (Par. 11)

By way of justfication for this admitted refusal the answer alleges:

> "That defendant's agents Jardine Matheson & Co. are British subjects and as such were prohibited and prevented by British law and Orders in Council, rules, regulations and decrees of the British Government from dealing in any way directly or indirectly with German subjects, or their agents, or German enemy goods. (Par. 10)
>
> "That plaintiff at the times mentioned in said petition was acting as an agent for German subjects and the cargo offered to Jardine Matheson & Co. defendant's agents by said plaintiff for shipment by the said steamship Yucatan was cargo owned by and belonging to German enemy subjects of Great Britain. (Par. 11)
>
> "That defendant's agents Jardine Matheson & Co. were prohibited and prevented by the authorities of the British Government from accepting and shipping the cargo offered by plaintiff." (Par. 12)

Plaintiff in his replication,

> "admits that defendant's agents, Jardine, Matheson & Company, were prohibited and prevented by the authorities of the British Government from accepting and shipping the cargo offered by plaintiff but alleges that this was because the said authorities of the British Government had placed the plaintiff on what was known as the British blacklist (the same being a list of neutrals with whom British subjects were prohibited from having business dealings) or because the said British authorities suspected that said cargo was owned by German subjects." (Par. 3.)

Defendant having elsewhere admitted that "it was acting as a common carrier" and its refusal to accept plaintiff's freight being thus likewise admitted the naked legal question is presented whether the justification offered for such refusal is sufficient; for no testimony is produced except that of plaintiff and some depositions in support of the petition. The question of liability must, therefore, be determined largely upon the pleadings.

It is an ancient doctrine that

> "Common carriers owe to the public the duty of carrying indifferently for all who may employ them, and in the order in which the application is made, and without discrimimation as to terms."[7]

The doctrine comes to us directly from the common law,[8] but is probably older, for there was a similar one in the civil law[9] which the common law may have borrowed[10] and, each applies equally to carriers by land or, such as defendant, by water.[11]

Subject to the exceptions presently to be noted this duty is imperative. It cannot be evaded nor, on the whole, limited by contract.[12] Even where the commodity offered for shipment is under a general legal ban (as intoxicating liquor) the carrier cannot refuse to transport it if the particular consignee is not barred from receiving it.[13]

The grounds which will justify a refusal to perform the duty are few. Those usually enumerated in the books are, in the quaint language of the early common law, the "Act of God" (a catastrophe not due to human agency)[14] or of the public enemy.[15] The latter does not include mob violence.[16] Whether it includes a strike is a question on which the courts have divided. The existence of a strike by other than the carrier's employees, and which blocks all traffic, has been held to relieve the carrier of its duty to receive and transport freight.[17] But the decision[18] cited by defendant's counsel is the only one which we have been able to find to the effect that a strike of the carrier's *own employees* will afford such excuse. There is older and ampler authority[19] (ignored in that opinion) for the contrary doctrine. The question came before the New York Court of Appeals as early as 1859 in a case[20] where a railroad company sought to escape its common carrier's liability on the ground that its engineers had refused to work. In an

7. 6 Cyc. 372. Cf. see 10 C. J., 66, and Covington Stock Yards Co. v. Keith, 139, U. S. 128, 35 Law ed. 73; Toledo, etc. R. Co. v. Wren, 78 Ohio 81, 137, 84 N. E. 785.
8. "*The early law* as to common carriers is thus given in a case of the date of 1683: 'Action on the case, for that whereas defendant is a common carrier from London to Lymmington *et abinde retrauum*, and setting it forth as the custom of England, that he is bound to carry goods, and that the plaintiff brought him such a pack, he refused to carry them tho offered his hire. And held by Jefferies, C. J., that the action is maintainable, as well as it is against an innkeeper for refusing a guest, or a smith on the road who refuses to shoe a horse, being tendered satisfaction for the same. Note, that it was alleged and proved that he had convenience to carry the same; and the plaintiff had a verdict. Jackson v. Rogers, 2. Show, 327, 89 Eng. Reprint, 965." Jones' Blackstone's Commentaries, 1329.
9. Hunter, Roman Law, 512; French Civil Code, Arts. 1782, 1952, Spanish Civil Code, Arts. 1601, 1783, 1784; 5 Corpus Juris, 378.
10. But see contra, Cockburn, C. J., in Nugent v. Smith, 1 C. P. D. 423.
11. 6 Cyc. 368. Cf. note 8, *supra*.
12. 6 Cyc. 392; 10 C. J., 66.
13. Royal Brewing Co. v. Missouri etc. R. Co., 217 Fed. 146.
14. Id. 377.
15. Cyc. 379.
16. Id.
17. Louisville etc. R. Co. v. Queen City Coal Co., 99 Ky. 217, 35 S. W. 626.
18. Murphy Hardware Co. v. Southern Ry. Co., 150 N. C. 703, 64 S. E. 873. See, however, Galveston etc. R. Co. v. Karrer (Tex. Civ. App.) 10 S. W. 440.
19. Blackstock v. N. Y. etc. R. Co., 20 N. Y. 48, 75 Am. Dec, 372. Cf. Weed v. Panama R. Co., 17 N. Y. 362, 72 Am. Dec. 474; People v. N. Y. etc. R. Co., 28 Hun (N. Y.) 543; 9 Am. & Eng. R. Cas. 1; International etc. R. Co v. Server, 3 Tex. App. Civ. Cas. sec. 440.
Such was also the Roman Law doctrine. Bowyer, Modern Civil Law, 276.
20. Blackstock v. N. Y. etc. R. Co., 20 N. Y. 48, 75 Am. Dec. 372.

opinion by an eminent Judge (Denio) the court said, in language quite apposite here:

> "The position that the defendants are not responsible, because the misconduct of their servants was wilful and not negligent, cannot be sustained. The action is not brought on account of any injury done to the property by the engineers, but for an alleged nonperformance of a duty which the defendants owed to the owner of the property. If their inability to perform was occasioned by the default of persons for whose conduct they are responsible, they must answer for the consequences, without regard to the motives of those persons. * * *
>
> "Those who intrust their goods to carriers have no means of ascertaining the character or disposition of their subordinate agents or servants; they have no agency in their selection, and no control over their actions. * * *
>
> "Being a corporation, all their business must necessarily be conducted by agents, and if they are not liable for their acts and omissions, parties dealing with them have no remedy at all."

In a similar case[21] arising in Illinois the supreme court of that state said:

> "It is, doubtless, the law, that railway companies cannot claim immunity from damages for injuries resulting in such cases from the misconduct ot their employees, whether such misconduct be wilful or merely negligent. If employees of a common carrier suddenly refuse to work, and cannot promptly supply their places with other employees, and injury results from the delay, the carrier is responsible; such delay results from the fault of the employees."
>
> "It is a well settled principle of law," observed Mr. Justice Biddle,[22] "that a delay caused by a '*strike*' or mob composed solely of the employees of a railroad company * * * will not excuse the company from receiving freight according to its contract or public duty."

The two latter quotations are *obiter dicta* but they serve to disclose an attitude of the courts elsewhere quite inconsistent with that expressed in the North Carolina case relied upon by defendant's counsel and appear to us to state the sounder and better doctrine. And while the facts above reviewed are not strictly parallel to those in the case at bar, still if a carrier is not relieved of liability by conduct of its employees which is contrary to its orders it would seem *a fortiori* that exemption could not be claimed where, as here, the agent's acts are not disavowed by the carrier.

Under all the authorities, moreover, the obstacle which will excuse the carrier must be one which he cannot remove with proper care. Not even an "Act of God" will relieve him if his own negligence contributed effectively to the result.[23] So, altho a *bona fide* lack of shipping facilities will excuse the carrier,[24] it must appear that he has used ordinary care to supply them not only from the locality in question but from others[25] and it is no defense that he has failed to provide them or has depended unsuccessfully upon another.[26] In a recent Pennsylvania case[27] it was observed:

> "That the refusal to allow plaintiffs a siding connection was an undue and unreasonable discrimination against them was too clearly established to admit of question. The congested condition of traffic on defendant's road, which was offered in explanation, afforded neither excuse nor extenuation. *The means of protection against such condition was in defendant's own hands.* It was under no duty to haul more coal than could safely and conveniently be transported over its line; but a bounden duty did rest upon it, in limiting the amount to be accepted by it, because of extraordinary conditions, to show no preference as between shippers, and to treat all alike on some equitable basis."

Applying to the case at bar these principles (for no precedent on all-fours with this case has been cited or found) we must inquire whether defendant used sufficient care to avoid the situation which led it to refuse plaintiff's cargo. As we have seen, their averment is that their agents were prohibited by their (not defendant's) national authorities from accepting it. But there is no claim that this prohibition was legally effective against defendant or that it could not easily have employed other agents who were exempt therefrom. In the language of the opinion last cited, therefore, "the means of protection against such condition was in defendant's own hands." And wherever such is the case the common carrier's liability continues.

We have seen, too, that the carrier cannot shift the responsibility to his employees, even where they defy his orders and assume an attitude adverse to him. There is no averment here that the acts of defendant's agents were such. For aught that appears the agents' policy was also that of the principal.

The briefs contain considerable discussion as to how far the agent's knowledge may be imputed to the principal. It may be conceded that defendant was not presumed to know the British Enemy Trading Acts but it is hard to conceive of knowledge more important for its agents to communicate than their own restrictions as to those from whom they were permitted to accept freight. Clearly this is a matter which they should have reported to defendant and, as a rule, what they should have done they are, as regards plaintiff, with certain exceptions, conclusively presumed to have done.[28]

But aside from this presumption we do not see that it would aid defendant if it were proven positively that its agents did not so inform it and that it remained ignorant of the fact that its agents would not accept freight from all who might apply. That would merely show that the agents were acting adversely to their principal, which, as we have seen, will not, according to the weight of authority, relieve the latter from liability.

Defendant emphasizes in its brief the fact that its "agents offered to accept the cargo provided plaintiff could procure the consent of the British Consul." But that was a *condition;* and, as we have seen, a common carrier must serve all *unconditionally* and equally, and while the common law may have been modified for the British Empire by the recent Enemy Trading Acts these have no application to Americans. Moreover the testimony (Walker's Deposition) shows that others were given space without conditions. Indeed, the petition (par. 8) alleges and the answer (par. 4) admits that defendant was "accepting offers for an allotting space to the public generally." Besides it seems clear that the agents knew plaintiff could not meet the condition.

We must find, therefore, that defendant has not shown exemption from its common carrier's obligation;

21. Pittsburgh etc. R. Co. v. Hazen, 84 Ill. 36, 25 Am. Rep. 422.
22. Pittsburgh etc. R. Co. v. Hollowell, 65 Ind. 188, 32 Am. Rep. 63.
23. St. Louis etc. R. Co. v. Dreyfus, 43 Okla. 401, 14 Pac. 773; Georgia etc. R. Co. v. Barfield (Ga. 1907), 58 S. E. 236; Ferguson v. Southern R. Co., 91 S. C. 61, 74 S. E. 129.
24. Hutchinson, Carriers, II, sec. 495.
25. "For aught the evidence shows to the contrary, the appellant, by the use of ordinary care, could have sent in cars from other division points, without discommoding shippers at those points, in order to supply the temporary needs of shippers at the station of Pryatt.
"Although the demand for stock cars was great and unusual on the division on which Pryatt is situated during the time appellees were seeking to ship their cattle, it was the duty of the appellant to endeavor to meet this unusual demand and to satisfy the requirements of shippers from that station by exercising ordinary care to have the need supplied." St. Louis etc. R. Co. v. Keef, 113 Ark. 215, 168 S. W. 131.
26. "It was the duty of the defendant as a common carrier to furnish reasonable facilities for the transportation of commodities along its line. The fact that it had no cars at the time of its purchase of the road, or the fact that another company had failed to supply its cars, is not sufficient answer to this requirement, unless it be shown that reasonable facilities had been provided for the procurement of cars from another company, which had proved inefficient on account of the unprecedented and unexpected emergency." Missouri etc. R. Co. v. Sneed, 85 Ark. 293, 107 S. W. 1182.
27. Cox v. Pennsylvania R. Co., (Pa.), 85 Atl. 863.
28. 31 Cyc., 1451, 1640, 1587.

that its duty was to receive plaintiff's freight; and that, by its refusal, it incurred liability.

II

The measure of damages for such refusal varies according to the status of the applicant. If he is the owner of the goods offered for shipment and the object is a sale at destination, he is entitled to the difference between the market price at the latter and that prevailing at the point of application, less freight charges.[29] To this is sometimes added the element of depreciation while the goods are awaiting shipment,[30] and always the award must be such as will reimburse the applicant for actual loss.[31] Thus he is entitled to recover any profits he would have realized from the refused shipment.[32] In a case[33] where a coal company had been refused proper facilities by a common carrier the supreme court of Pennsylvania approved the following instruction to the jury:

> "As we look at it, the only known method to get data from which to estimate what a man is damaged by reason of discrimination in not furnishing cars or other facilities of transportation is to give the shipper discriminated against what would have been a reasonably fair profit on whatever is shown to be the fairly probable output of the mine discriminated against, less what was actually shipped from such mine."

The same authority quotes with approval this statement of the doctrine by the supreme court of Michigan:

> "The profits lost constitute the legitimate measure of damages. The law is not so blind to justice as not to require the defendant to respond in damages, if there is any reasonable basis for their ascertainment."[34]

In the case at bar plaintiff was not the owner of the goods offered for shipment and hence could not claim the measure of damages applicable to transportation for sale. But we think it clear from the authorities just reviewed that he is entitled to reimbursement for the loss incurred by the refusal of shipment, including profits therefrom. Another case[35] quite analogous in principle was one where plaintiff had contracted to sell railway excursion tickets in reliance upon the defendant company's promise to issue an unlimited number. It was held that the measure of plaintiff's damage for defendant's nonperformance was the profit the former would have received from the tickets he had sold.

It is admitted (p. 8) that defendant's freight rates on the *Yucatan* were G. $16.50 per ton. But it is undisputed that plaintiff had made contracts with his customers by which he was to receive G.$30 per ton for what he should ship for them. It appears (pp. 8, 12) that these contracts were entered into when freight rates were high in Shanghai and that by the time application for space was made to defendant there had been a fall of almost one-half—a situation so much a part of local history that this court might almost take judicial notice thereof.

There is nothing to indicate that defendant or its agents knew of plaintiff's contracts with his customers. But that was not necessary.[36] Nor was there any speculative element in plaintiff's profits. In some of the cases above cited prospective profits were allowed on estimated sales and probable contracts. But here the contracts were actually made and the proceeds susceptible of exact calculation and it seems to us that the carrier's refusal was an even more direct and proximate cause of the loss of these profits than in the authorities heretofore cited.

But we also think that something must be charged against these profits. Defendant's counsel contends that the true measure of damages here "could only be the difference between the rate at which defendant's agents accepted cargo from other shippers and the rate actually paid by plaintiff to ship his cargo by other steamers." He cites no case in which this rule is applied, but it seems reasonable to require that an applicant who is refused service by one common carrier should not charge the whole damage upon the latter if another is ready to provide service which will prevent, or at least reduce, the damage. Such a principle obtains in the law of Master and Servant;[37] it seems equitable and sound and we see no reason why it should not also be applied here.

Plaintiff testifies in response to his counsel's questions:

> "Q. You had this cargo for shipment at $30 a ton?
> A. Yes.
> Q. What ultimately became of it, did you ship it?
> A. No, Arnold Karberg shipped it by some people in Kobe. They shipped the cargo to Kobe and afterwards shipped it to America and I had the cargo from the Tientsin firm shipped to Kobe for transfer to America, but I made no profit on it and the services were absolutely without remuneration, I lost the business and the profit, besides it took up a lot of time and trouble."

On cross-examination he states further:

> "Q. You assisted in shipping the Arnold Karberg cargo thru to Japan?
> A. Yes, it was done in my name and sent to the godown and insured in my name, and I can vouch that it was not in the name of Arnold Karberg who made the arrangement.
> Q. In name you were the shipper.
> A. As forwarding agent."
>
> * * * * * * * * * * * * * * * * *
>
> Q. Altho you could not ship it yourself still the German firm could ship it.
> A. Yes, they did it thru a Japanese firm and it was not shipped in their own name.
> Q. You made no effort to ship it yourself?
> A. Well, I did, but they were satisfied to take it over and did it themselves."

On being asked "the rate across the Pacific" for this shipment he replied:

> "I estimate between $25 and $26 including all things such as lighterage, commissions."

Elsewhere he says:

> "If I could get the cargo away by the *Yucatan* at $16½ should I go to the Japanese lines for $25 or $26 a ton?"

It seems clear from this that plaintiff's customer was given a rate by the Japanese company about G.

29. 6 Cyc. 375, note 72; Hutchinson, Carriers, III, sec. 366; St. Louis etc. R. Co. v. Leder Bros., 87 Ark., 298, 112 S. W. 744; Toledo etc. R. Co. v. Wren, 78 Ohio, St., 137, 137, 84 N. E. 785.
30. Shoptaugh v. St. Louis etc. R. Co. (Mo. Appl.), 126 S. W. 752.
31. *Delaware.* Williams v. Armour Car Lines (Del. 1908), 79 Atl. 919.
*Kentucky.* Louisville etc. R. Co. v. Ohio Valley R. Co., (Ky. 1914) 170 S. W. 633.
*Mississippi.* Parish v. Yazoo etc. R. Co. (Miss. 1913), 60 So. 322.
*Pennsylvania.* Hillsdale Coal & Coke Co. v. Pennsylvania R. Co., 229 Pa. 61, 78 Atl. 28.
*Texas.* Missouri etc. R. Co. v. Empire Express Co. (Tex. Civ. App.), 173 S. W. 222.
32. Houston etc. R. Co. v. Campbell, 91 Tex. 551; 45 S.W. 2; Houston etc. R. Co. v. Hill, 70 Tex. 51, 7 S. W. 659; Louisville etc. R. Co. v. Queen City Coal Co., 13 Ky. Law Rep. 832.
33. Hillsdale Coal & Coke Co. v. Pennsylvania R. Co., 229 Pa. 61, 78 Atl. 28
34. Hitchcock v. Supreme Tent, 100 Mich. 40, 58 N. W. 640.
35. Houston etc. R. Co. v. Hill, 70 Tex. 51, 7 S. W. 659.
36. Houston etc. R. Co. v. Campbell, 91 Tex. 551, 45 S. W. 2.
37. 26 Cyc. 1006, 1014. "When the defendant knew that the transportation would not be furnished, he was not bound, in order to recover for the wrong done him, to prepare and offer the wood. As argued by his counsel, it was his duty to pursue that course best calculated to lessen the damage resulting from the wrong." Houston etc. R. Co. v. Campbell, 91 Tex. 551, 45 S. W. 2.

$4.50 per ton less than that fixed in the contract with plaintiff, tho the shipment was made in his name at least as "forwarding agent." He admits in effect (pp. 10, 13), that he did not ask, and hence was not refused, space from said company for this particular cargo, and without a positive showing to that effect, we think it would be inequitable to charge upon the defendant more than the difference between its rate and that of the Japanese company which would be about G.$9 per ton.

On the other hand, we do not think defendant has shown that other shipping facilities were available to plaintiff at the time. After stating that "the British firms and their allies would not do business with me," plaintiff testifies:

> "Q. When the *Yucatan* shut out that cargo you took no efforts to ship by other lines and dropped the matter?
> A. No, I beg to differ there. I tried to make negotiations or arrangements with Andersen, Meyer and other steamship people.
> Q. You restricted your efforts to American steamers?
> A. Yes, I might say that I tried to get a Vladivostock steamer, but the *Yucatan* was the only vessel I could take advantage of."

We might almost take judicial notice that the lines mentioned in plaintiff's testimony included all of those then operating and the burden was on defendant to show that the Japanese company was not the only one open to plaintiff.[38] We must therefore find that he is entitled to recover as damages for defendant's refusal the difference between its rate and that of the Japanese company which was, as we have seen, G. $9 per ton. As it is admitted that three hundred tons were offered the whole would amount to G. $2,700.

It is accordingly considered and adjudged that plaintiff have and recover from defendant the sum of two thousand seven hundred dollars United States currency together with his costs.

By the Court,

CHARLES S. LOBINGIER,
Judge.

38. 26 Cyc., 1006.

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### III. ON WRIT OF ERROR IN THE COURT OF APPEALS FOR THE NINTH FEDERAL CIRCUIT

BEFORE CIRCUIT JUDGES GILBERT, ROSS AND HUNT

Ira A. Campbell and McCutchen, Olney & Willard for plaintiff in error.

Garret W. McEnnerney for defendant in error.

*(Filed January 6, 1919)*

ROSS C. J.:

This case comes here from the United States Court for China. It is a writ of error sued out by the defendant to an action there brought by the present defendant in error to recover damages for the refusal of the plaintiff in error, a common carrier, to receive, without lawful excuse, certain cargo offered it by the plaintiff to the action for shipment from Shanghai by the steamer *Yucatan*, which had been advertised to be on the berth at Shanghai for freight to San Francisco.

The facts are practically undisputed, and are, briefly, these:

Swayne & Hoyt was a California corporation having its principal place of business at San Francisco, and was therefore an American citizen, and was a common carrier of freight between the Orient and that among other places. It had as its agent at Shanghai a British corporation styled Jardine, Matheson & Company, Limited, and had under charter the said steamship for a voyage from San Francisco to China and Japan and return to San Francisco and other Pacific coast ports of the United States.

Prior to the arrival of the *Yucatan* at Shanghai the plaintiff in the case applied to the agent of the defendant there for space to ship certain goods, in response to which application, after one denial of it, the agent agreed to provide the requested space upon condition that the application be approved by the British Consul at Shanghai. That conditional acceptance was refused. The cargo offered for shipment by the plaintiff was being handled by him for German subjects, by reason of which fact he was blacklisted by the British government, and all British subjects, including the agent of the defendant corporation, inhibited from dealing with the plaintiff respecting this particular shipment as well as all other such shipments. The defendant through its British agent having refused to accept the cargo offered by Everett, the action was brought, resulting in the judgment of the court below in his favor for $2,700.00, with costs.

But two questions of law are involved, first, whether the court below had jurisdiction of the subject-matter of the action, and, if so, then secondly, its merits.

By Section 1 of the Act[39] of June 30, 1906, creating the court below, it is given

> "exclusive jurisdiction in all cases and judicial proceedings whereof jurisdiction may now be exercised by United States consuls and ministers by law and by virtue of treaties between the United States and China, except in so far as the said jurisdiction is qualified by Section Two of this Act."

The qualification specified in Section 2 of the Act has no bearing upon the present case, and, therefore, no further mention of it need be made.

At the time of the passage of the Act of June 30, 1906, there were in force the provisions of Sections 4083, 4084 and 4085 of the Revised Statutes, by which certain judicial authority was conferred upon United States ministers and consuls in certain countries, including China, which jurisdiction embraced all controversies between citizens of the United States or others, provided for by its treaties.

The treaty with China bearing upon the present question was that of June 18, 1858,[40] and conferred upon the United States the right to appoint consuls in various parts of China. Its XXVIIth article is as follows:

> "All questions in regard to rights, whether of property or person, arising between citizens of the United States in China, shall be subject to the jurisdiction and regulated by the authorities of their own government; and all controversies occurring in China between citizens of the United States and the subjects of any other government shall be regulated by the treaties existing between the United States and such governments, respectively, without interference on the part of China."

It is the contention of the plaintiff in error that the words "in China" in the foregoing Article qualify the word "citizens" and not the word "arising"; in other words, that a residence of the parties in China is essential to the existence of any jurisdiction in the court. We think it obvious that such a construction of the provision is wholly inadmissible, for the subject matter thereby dealt with is *controversies arising in China*. The first clause of the provision

39. 34 U. S. Stats. at Large, 814.
40. 12 U. S. Stats. at Large, p. 1029. (Malloy, Treaties, I, 220)

relates to controversies in regard to rights, whether of property or person, there arising between citizens of the United States, and declares that they shall be subject to the jurisdiction and be regulated by the authorities of their own government; and by its second clause it is declared that all such controversies there arising between citizens of the United States and the subjects of any other Government, shall be regulated by the treaties existing between the United States and such Governments, respectively—in each instance without interference on the part of China. We regard it as clear that this is the very plain meaning of the article in question. As said by counsel for the defendant in error, the bare reading of its second clause is all that is necessary to show that the words "in China" there used, fixes, as the basis of the jurisdiction of the court, the place of the origin of the controversy, and not the residence of the parties thereto. No sound reason is suggested why a like construction should not be placed upon the first clause. To adopt the view urged by the plaintiff in error would be, in effect, to hold a consular court in China vested with jurisdiction of a controversy between American citizens arising in the United States if they happened to be residents of China.

Upon the merits we think the case equally clear.

It does not admit of doubt that a common carrier, with certain well-established exceptions, is under legal obligation to carry the goods of any member of the public who may tender them for carriage. That such a carrier subject to such legal obligation may show that it was prevented from performing it by Act of God or a public enemy, or by some other cause over which it had no control, is readily conceded; but in all such cases the defense is an affirmative one, and the burden is upon the carrier to both plead and prove it.[41]

At the time of the occurrences in question, England and Germany were at war, but the United States was not; on the contrary, this country was then observing strict neutrality between those belligerents. How, then, can it be properly held that the performance of the clear legal duty of an American carrier to receive and transport goods tendered for carriage, by an American citizen, is excused on the ground that the British government had forbidden its citizens and corporations, one of which happened to be the agent of the American carrier, from receiving the tendered freight and providing for its transportation? Such is not the law as we understand it.[42]

It is contended on behalf of the carrier that there was no evidence to show that it knew that its agent at Shanghai was inhibited by the British government from shipping the goods of the plaintiff in time to have employed an agent not under such disability. Whether or not the carrier knew of the inhibition at all, or was apprised of it in time to have employed another agent, the fact remains that the agent it did appoint, acting within the scope of his employment, deprived the plaintiff of his legal right. For that wrong we think the carrier was properly adjudged liable, even assuming that it was ignorant of its agent's disability.[43] The judgment is

AFFIRMED.

41. 1 Michie on Carriers, Sec. 381; Chicago, etc. R. R. Co. v. Wolcott, 141 Ind. 267, 39 N. E. Rep. 451.

42. See Richards & Co., Inc. vs. Wrechsner, 156 N. Y. Supp. 1054, and the numerous cases there cited.

43. See Chesapeake & Ohio R. Co. v. Francisco, 149 Ky. 307, 148 S. W. 46.


# In the United States Court for China

In re Last Will and Testament of JOHN TODD ANDERSON, Deceased.

Cause No. 711

Estate No. 270

NOTICE TO CREDITORS

NOTICE is hereby given to all parties interested that the undersigned has been appointed Executrix of the above named decedent's estate; that all persons having claims against the said estate are required to present the same for payment, with vouchers, to the undersigned on or before August 15, 1919, and all persons owing the said deceased are required to make payment to the undersigned.

MINNIE M. ANDERSON,
Executrix,
c/o North China Union
Language School,
Peking, China.

February 15, 1919.

# In the United States Court for China

James Harvie
and
Leslie W. Hutton
doing business under the firm name and style of
Harvie Cooke and Company,
Plaintiffs.
vs.
Muller MacLean and Company, Inc.,
a corporation,
Defendants.

Cause No. 712

Civil No. 232

SUMMONS TO ANSWER

THE PRESIDENT OF THE UNITED STATES OF AMERICA to the United States Marshal for China—

*GREETING:*

You are hereby commanded to serve this Summons to Answer and a copy of the petition in the above entitled action upon the Defendants—

MULLER MACLEAN AND COMPANY, Inc.,

if found within the jurisdiction of this Court and to notify them to be and appear before this Court on or before the twentieth day after service hereof to file their written answer hereto on oath.

(SEAL) WITNESS the HONORABLE CHARLES S. LOBINGIER, Judge of the United States Court for China, at Shanghai, China, December 11, 1918.

WILLIAM A. CHAPMAN,
Acting Clerk.

Excerpt from Regulations, Section 8: On proof of due notice, judgment by default shall be procured against any defendant failing to appear and file his written answer as required.